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HOUSE OF COMMONS

Friday, February 20, 1959

The house met at 11 a.m.

NATIONAL DEFENCE

ANNOUNCEMENT OF GOVERNMENT POLICY ON AIR DEFENCE

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house I should like to make a somewhat lengthy statement on the subject of one facet of the national defence of Canada because, after all, the effectiveness or otherwise of the measures taken for national defence until international peace under law is obtained constitutes the passport either to survival or destruction. The announcement I wish to make has to do with the decision regarding our air defence which was foreshadowed in the statement made by me to the press on September 23 last.

The government has carefully examined and re-examined the probable need for the Arrow aircraft and Iroquois engine known as the CF-105, the development of which has been continued pending a final decision. It has made a thorough examination in the light of all the information available concerning the probable nature of the threats to North America in future years, the alternative means of defence against such threats, and the estimated costs thereof. The conclusion arrived at is that the development of the Arrow aircraft and Iroquois engine should be terminated now.

Formal notice of termination is being given now to the contractors. All outstanding commitments will of course be settled equitably.

In reaching this decision the government has taken fully into account the present and prospective international situation, including the strategic consequences of weapon development and the effects of the decision I have just announced upon Canada's ability to meet any emergency that may arise.

Work on the original concept of the CF-105 commenced in the air force in 1952, and the first government decision to proceed with the development and with the production of two prototypes was taken late in 1953. The plane was designed to meet the requirements of the R.C.A.F. for a successor to the CF-100 to be used in the defence of Canada. At that time it was thought some five or six hundred aircraft would be needed by the R.C.A.F., and their cost was forecast at about $1,500,000 to $2 million each.

From the beginning, however, it was recognized by the previous government, and subsequently by this government, that the development of an advanced supersonic aircraft such as the 105 and its complicated engine and weapon system was highly hazardous, and therefore all decisions to proceed with it were tentative and subject to change in the light of experience. This was known to the contractors undertaking the development, to the air force, and to parliament.

The development of the Arrow aircraft and the Iroquois engine has been a success although, for various reasons, it has been much behind the original schedule. The plane and its engine have shown promise of achieving the high standard of technical performance intended, and are a credit to those who conceived and designed them and translated the plans into reality.

Unfortunately these outstanding achievements have been overtaken by events. In recent months it has come to be realized that the bomber threat against which the CF-105 was intended to provide defence has diminished, and alternative means of meeting the threat have been developed much earlier than was expected.

The first modern long range bombers with which Canada might be confronted came into operation over five years ago, but the numbers produced now appear to be much lower than was previously forecast. Thus the threat against which the CF-105 could be effective has not proved to be as serious as was forecast. During 1959 and 1960 a relatively small number of modern bombers constitutes the main airborne threat. It is considered that the defence system of North America is adequate to meet this threat.

Potential aggressors now seem more likely to put their effort into missile development than into increasing their bomber force. By the middle of 1962 the threat from the intercontinental ballistic missile will undoubtedly be greatly enhanced in numbers, size and accuracy, and the I.C.B.M. threat may be supplemented by submarine-launched missiles. By the middle sixties the missile seems likely to be the major threat and the long range bomber relegated to supplementing the major attack by these missiles. It would

be only in this period, namely after mid-1962, that the CF-105 could be fully operational in the Royal Canadian Air Force.

The United States government, after full and sympathetic consideration of proposals that the U.S. air force use the Arrow, reached the conclusion that it was not economical to do so. Already the U.S. air force has decided not to continue with the further development and production of U.S. aircraft having the same general performance as the Arrow. The development of interceptor aircraft that is now proceeding in the United States and abroad is on different types.

Since my announcement of last September much work has been done on the use of a different control system and weapon in the Arrow. These changes have been found to be practical. Although the range of the aircraft has been increased it is still limited. It is estimated that with these changes the total average cost per unit for 100 operational aircraft could be reduced from the figure of about $12,500,000 each to about $7,800,000 each, including weapons, spare parts and the completion of development, but not including any of the sum of $303 million spent on development prior to September last.

The government has taken no decision to acquire other aircraft to replace the CF-100, which is still an effective weapon in the defence of North America against the present bomber threat. The Minister of National Defence and the chiefs of staff are now engaged in further studies of the various alternatives for the improvement of our defences.

Canadian requirements for civilian aircraft are very small by comparison with this huge defence operation, and frankness demands that I advise that at present there is no other work that the government can assign immediately to the companies that have been working on the Arrow and its engine. This decision is a vivid example of the fact that a rapidly changing defence picture requires difficult decisions, and the government regrets its inevitable impact upon production, employment and engineering work in the aircraft and related industries.

As all in this house will appreciate, this decision has been a very difficult one for the government to take, not only because of the immediate disturbance it is bound to cause to those who have been working on the Arrow and related items but because it means terminating a project on which Canada had expended a very large amount of money and in which Canadians have demonstrated the high level of their technical work. However much I might hope that the project be continued in the sense of pride of achievement to avoid immediate dislocations which are regrettable, defence requirements constitute the sole justification for defence procurement.

Having regard to the information and advice we have received, however, there is no other feasible or justifiable course open to us. We must not abdicate our responsibility to assure that the huge sums which it is our duty to ask parliament to provide for defence are being expended in the most effective way to achieve that purpose.

Now I wish to turn to another aspect of defence. As previously announced the government has decided to introduce the Bomarc guided missile and the Sage electronic control and computing equipment into the Canadian air defence system, and to extend and strengthen the Pinetree radar control system by adding several additional large radar stations and a number of small gap filler radars. Canadians will be glad to know that agreement in principle with the United States defence department has now been reached on the sharing of the costs of this program.

Under this arrangement Canada will assume financial responsibility for approximately one-third of the cost of these new projects. The Canadian share will cover the cost of construction of bases and unit equipment, while the United States share of approximately two-thirds of the cost will cover the acquisition of technical equipment. Such division of functions is necessary for the reason that the United States is well advanced in the planning and implementation of this program and the development of the technical equipment required for it. By dividing the sharing of costs uniformity of construction will be ensured and the dangers of differences in technical equipment will be avoided.

With regard to the construction of bases in Canada, work will be carried out as a practical matter by Canadian construction companies employing Canadian labour and material. It is intended that the bases when complete will be manned by Canadian military personnel.

As for the technical equipment which is to be financed by the United States, both governments recognize the need for Canada to share in the production of this equipment. Within the principles of production sharing the United States government and the Canadian government expect that a reasonable and fair share of this work will in fact be carried out by Canadian industry. To that end a number of groups of officials representing both countries have been established to initiate the production sharing activities and to deal with the problems involved. I might add that early next week the Minister of

Defence Production will make full information available to the house in this connection.

Now, sir, while time is required to work out all the necessary details between our governments, considerable progress has already been made and several contracts have been placed.

The production-sharing concept also covers the broad range of development and production of military equipment for North American defence generally. Procedures are currently being evolved between officials of the two governments whereby greater opportunities than have existed in the past will be afforded Canadian industry to participate in the production of technical equipment related to programs of mutual interest.

Under the irresistible dictates of geography the defence of North America has become a joint enterprise of both Canada and the United States. In the partnership each country has its own skills and resources to contribute, and the pooling of these resources for the most effective defence of our common interest is the essence of production sharing. Believing that parliament and the people of Canada are determined that this nation shall play its full part in terms both of quantity and quality in deterring and resisting aggression, the government intends that the Canadian forces will be well equipped and well trained for the Canadian share of these tasks in a balanced, collective defence.

In keeping with that determination careful thought is being given to the principles that in our opinion are applicable to the acquisition and control of nuclear weapons. The government's decisions of last autumn to acquire Bomarc missiles for air defence and Lacrosse missiles for the Canadian army were based on the best expert advice available on the need to strengthen Canada's air defence against the threat to this continent, and on its determination to continue an effective contribution to the NATO shield.

The full potential of these defensive weapons is achieved only when they are armed with nuclear warheads. The government is, therefore, examining with the United States government questions connected with the acquisition of nuclear warheads for Bomarc and other defensive weapons for use by the Canadian forces in Canada, and the storage of warheads in Canada. Problems connected with the arming of the Canadian brigade in Europe with short range nuclear weapons for NATO's defence tasks are also being studied.

We are confident that we shall be able to reach formal agreement with the United States on appropriate means to serve the common objective. It will of course be some time before these weapons will be available for use by Canadian forces. The government, as soon as it is in a position to do so, will inform the house, within the limits of security, of the general terms of understanding which are reached between the two governments on this subject.

I wish also at this time to give the house an indication of certain basic considerations in the government's thinking on the question of the acquisition and control of nuclear weapons. The first important consideration is the government's belief in the importance of limiting the spread of nuclear weapons at the independent disposal of national governments. My colleague the Secretary of State for External Affairs stated in the external affairs committee on July 29 last that it took but little imagination to envisage the dangers of the situation if the know-how with respect to the production of nuclear weapons were disseminated in numerous countries of the world. The prospect of further dissemination of such techniques continues to be a matter of fundamental concern to the government. As a contribution to this objective, it is the policy of the Canadian government not to undertake the production of nuclear weapons in Canada, although we believe that Canadian scientists and technicians are quite capable of producing them.

Second, we intend to leave no avenue unexplored in the search for an acceptable agreement on disarmament with the Soviet union, even though we must reluctantly admit the need in present circumstances for nuclear weapons of a defensive character. The objective of disarmament must ever be kept in view, even though in the experience of the past it may be capable of only partial realization. For example, we believe that agreed zones of inspection in the Arctic to guide against surprise attack would be steps necessary to be taken in the context of a larger disarmament plan. Canadians will continue to support effective measures for disarmament, but in the meantime we cannot minimize the importance of providing the strongest deterrent to aggression and of protecting the deterrent power against surprise attacks.

Third, there is the consideration of Canada's commitments to support the collective security of the NATO alliance. Whether Canada's effort is made directly in continental defence—the defence of the Canada-United States region of NATO—or whether it is made on the continent of Europe, Canada's contribution will be made in concert with the efforts of our NATO partners. It is our intention to provide Canadian forces with modern and efficient weapons to enable them to fulfil their respective roles.

Believing that the spread of nuclear weapons at the independent disposal of individual nations should be limited, we consider that it is expedient that ownership and custody of the nuclear warheads should remain with the United States. The requirements of Canadian and United States legislation on atomic energy will continue to apply, and there will be no change in Canada's responsibility to regulate all flights of aircraft over Canadian territory.

Our two governments have assumed joint responsibility for the air defence of Canada and the continental United States, including Alaska, and have implemented their responsibilities through the establishment of the North American air defence command. The Canadian government exercises with the United States government joint responsibility for the joint operations of the command, including the use of defensive nuclear weapons if necessary. In the event that these defensive weapons are made available for use by NORAD, they could be used only in accordance with procedures governing NORAD's operations as approved in advance by both governments. Such weapons, therefore, would be used from Canadian territory or in Canadian air space only under conditions previously agreed to by the Canadian government. With respect to decisions as to procedures concerning custody and control of nuclear warheads for use by Canadian forces operating under the supreme allied commander in Europe and the supreme allied commander in the North Atlantic ocean, those decisions will be subject to negotiation with the appropriate NATO partners concerned and with those commanders.

I feel sure, Mr. Speaker, that hon. members will recognize the gravity of the decisions we are called upon to make in these defence matters, by reason of the almost unbelievable nature of the world in which we live. I should like to emphasize the government's desire to ensure the security of Canada by all efficient and reasonable means at our disposal and in concert with our strong and trustworthy allies.

May I say, sir, that I thank the house for giving me this opportunity of making this lengthy statement. In so far as matters such as defence are concerned, I believe that the decisions and discussions will in the future, as in the past, remain above partisan political considerations. It is in that spirit that I place this matter before the house. This is a decision that could not be arrived at without much soul-searching and one which we believe, in the light of the expectations of the future, will be considered right.

[Mr. Diefenbaker.]

Hon. L. B. Pearson (Leader of the Opposition): I feel that the Prime Minister was right, Mr. Speaker, when he said that all hon. members would recognize the gravity of the decisions that we, in parliament, are called upon to make in these defence matters by reason of the almost unbelievable nature of the world in which we live. There is no doubt about that.

It would not be appropriate, I think, for me to comment at any length on the substance of the very important statement which the Prime Minister has made, a statement of far-reaching importance in regard to defence and a statement of importance also in regard to our relations with our allies, particularly on this occasion our relations in defence matters with the United States of America. It is a statement of importance also in regard to the industrial and economic development of our own country.

I do not intend at this time, Mr. Speaker, to attempt to make any observations or any comments on the decision the government has made in regard to the CF-105 or on the fact that this decision is being made in February, 1959 rather than earlier. There is no doubt, and the Prime Minister's statement has pointed it up, that we in this country have to co-ordinate our defence policy with our neighbour on this continent and also with our allies in the Atlantic community, and that in this collective defence, which is the only kind of defence which makes any sense in the world about which the Prime Minister has spoken, Canada has to play a full and effective part.

Our obligations in that regard—and I am sure the Prime Minister will agree with me—are not lessened in any way by the decision the government has made with regard to this particular aspect of defence policy. The Prime Minister has said that the government is engaged in further studies of various alternatives for the improvement of our defences. This statement points up at least in my mind, Mr. Speaker, the desirability—indeed, as I see it, the necessity—of a complete and comprehensive study through a committee or a subcommittee appointed for the purpose not merely of government policies that have been announced but of the whole concept of Canadian defence policy in the world in which we live. Where are we going from now in this vital matter?

The Prime Minister has mentioned one alternative to the kind of defence equipment we have been using in the past—and which in the case of the CF-105 is now to be cancelled—in the Bomarc missile. Surely if we are going to make this change from an interceptor developed and built in Canada to a missile developed and built in the United

States, then we must be confident in our own minds—all of us who have an obligation in parliament in this matter—that this change is going to increase our defence capacity. The principle which the Prime Minister has enunciated in his statement and which should guide not only Canadian but United States policy in this matter is the principle of the pooling of our resources continentally and on an Atlantic basis for collective defence. Surely that does not mean that Canada is to be asked to take part in collective continental defence in so far as planning and operation are concerned but not in so far as the development of resources and industrial capacity are concerned.

The Prime Minister has mentioned the matter of the availability both in Canada and for our forces who are defending Canada in Europe—and who are defending the peace in doing so—of nuclear warheads for the weapons which may be required. I think he was quite right, Mr. Speaker, in emphasizing, as the Secretary of State for External Affairs has emphasized inside and outside the house, the tragic results that might occur if the manufacture of these nuclear weapons were extended to other countries beyond those which now manufacture them. I do not think anybody in this house wants to see that happen.

I recall, if I may mention it, speaking about this matter last summer and expressing the hope that at the United Nations assembly perhaps some progress might be made by members of that organization taking a self-denying ordinance that they will not be responsible in their own countries for the manufacture of nuclear weapons. It is bad enough to have these weapons of mass destruction in the hands of two or three super powers, but it would be infinitely worse if they were in the hands of 15, 20 or 25 other powers. I therefore agree with the Prime Minister that anything that can be done to limit the extension of manufacture of these weapons should be done. I welcome his statement that these nuclear weapons are not to be manufactured in Canada.

Nevertheless, with regard to the nuclear warheads of Bomarc missiles and defensive weapons of that kind, it seems to me it would be quite insupportable, as long as they are used, to have Canadian air squadrons without them and United States squadrons on the same airfield with them. I say that without qualifying in any way my hope that the day may come when all nuclear weapons may be removed from the armouries of nations. It does not seem to me that the two things at the present time are incompatible.

I think our defence policy—and I mention it on the broadest ground of principle—should be based on the kind of deterrence which the Prime Minister said is now essential. At this time we may require weapons for defence purposes while also seeking disarmament, a search in which we must not falter no matter how frustrating and disappointing it may seem to be.

That appears to be all that should be said on this side at this time, Mr. Speaker, with regard to this vitally important statement. The Prime Minister has said that the policy of the government is to ensure the security of Canada—and I mentioned this at the beginning of my statement—by all efficient and reasonable means at our disposal and in concert with our strong and trustworthy allies. That is essential in the world in which we live. But there is a better way of ensuring the security of Canada than even by collective defence. That way is by removing the causes of discord and conflict, thereby establishing peace and good will among peoples. That is the only permanent basis for security in this world.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the announcement made by the Prime Minister this morning is most important and far-reaching. It will mean for Canada the end of large expenditures on the CF-105. The fact that we have been able to develop the CF-105 to the present point should convince all Canadians and the world that we have a fund of scientific knowledge and a body of technicians capable of keeping Canada, if not in the vanguard, almost in the vanguard of extremely important scientific developments.

However, important as are accomplishments in this field, I think the announcement that the CF-105 is not to be further proceeded with demonstrates and underlines the need for co-operation with regard to defence matters. I am certainly no expert in this field, but it would seem to me that one of the reasons we are caught in this dilemma today, and that the government has felt it necessary to end this development, is that for some reason or another there has not been the kind of co-operation between Canada and the United States which is necessary to the development of an adequate defence system; and no provision, as has seemed to have been the case, that Canada develop the CF-105 and the United States develop some other type of aircraft. So we have reached the point today of ceasing our own development.

The Prime Minister has said, if I understood him correctly, that at least at this time there are no orders to be assigned immediately to the company producing the CF-105. It seems to me that was making a far-reaching statement without giving much hope to the people

who are engaged in that industry at the present time. It would seem to me that the hardship that will result from unemployment in this industry, if nothing is done, is something the government should study most carefully, and should have been studying most carefully. It appears to me that there should be other plans for alternative employment within the industry, if possible, for the production of other things such as, perhaps, aircraft for peaceful uses. It seems to me that there certainly should be action that would prevent lay-offs of thousands of Canadians, thus adding to the unemployment rolls and making it more difficult for Canada to regain a state of full employment.

We listened with interest to the Prime Minister's statement that there would be a sharing of the defence costs of North America. We emphasize to the United States, as I am sure do all members of parliament, that we feel a very substantial part of the orders necessary for this type of defence should be placed in Canada in order that our economy should not suffer from the necessity of having to spend large sums of money on collective defence while at the same time not receiving our proportionate share of the orders.

The Prime Minister has said, and the Leader of the Opposition has agreed, that there is great danger attached to the dissemination of nuclear weapons among a great many hands. That of course is true. It is easy for us who have these weapons to point out this danger, but the nations which do not have the weapons seem to think it is necessary for their national pride to obtain such weapons, and this being the case I think it is all the more necessary for all nations to devote their full energies to the reaching of an international agreement on disarmament.

While the government has not fully declared its policy in this regard, I would hope that the Canadian government in dealing with the NATO countries as far as Germany is concerned would advocate within those councils a neutralized Germany within a neutralized large area of central Europe as an alternative to nuclear weapons within that area and the great dangers that this would involve.

I believe we are in a position today to have some hope with regard to the forthcoming negotiations with the Soviet union. We believe that social democrats and freedom loving people in Europe in growing numbers are coming to think there can be an agreement with regard to Germany under which we make some concessions in return for other concessions, all of which will lead to greater security for peace in the world.

[Mr. Argue.]

We are talking today about the CF-105. We are talking today about protection against a potential aggressor. That is important. It is important to peace and it is important to our future. But are we going to arm ourselves in adequate fashion against a potential act of aggression that may never happen—we all hope it will never happen—while at the same time playing no part in the tremendous surge of energy now being devoted to the conquest of outer space? It would seem to me that because of the great scientific advance toward the conquest of outer space much of the conflict which has been going on between the west and the east as far as jurisdiction and the control of people and the economics of the earth are concerned might in the near future be transferred largely to the conquest of outer space, and I suggest that within a partnership for this very important peaceful operation Canada should also be playing its full part.

If we had such an operation it would seem to me that in this way we should be doing something to protect our security in the days ahead. Defence, necessary as it is, is a negative thing, and I suggest it is time that Canada played an active part in the thought that is being given by leading people in the United Nations to the conquest of disease throughout the world, the promotion of medical and health facilities, and greater emphasis on the conquest of hunger and the removal of hunger from all parts of the world.

The announcement by the Prime Minister is important and far-reaching. We hope that in the days ahead Canada, in this and other ways, will play a constructive role in securing the peace of the world.

BUSINESS OF THE HOUSE

REQUEST FOR DEBATE ON EXTERNAL AFFAIRS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, particularly in view of the statement the Prime Minister has just made on defence policy, I wonder if he could inform the house whether an opportunity will be afforded at an early date to discuss external affairs, a subject which is a related aspect of defence.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I hope hon. gentlemen in all parts of the house will agree to have a day set aside for the discussion of external affairs, and if it can be arranged among the various leaders next Thursday will be a possible date. In so far as a general discussion of defence is concerned, we hope that within the very near future the defence estimates will be available so the fullest discussion can take place.

Incidentally, may I be allowed to say this; that the manner of the speeches of both hon. gentlemen today indicates that this is a subject which is above all partisan considerations. I do think a word should be said respecting the contributions made by both the Leader of the Opposition and by the hon. member for Assiniboia.

(Translation):

UNEMPLOYMENT INSURANCE—INQUIRY AS TO AMENDMENTS TO ACT THIS SESSION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Labour. Could he tell us if he is considering any amendments to the Unemployment Insurance Act during this session?

An hon. Member: This is mentioned in the speech from the throne.

(Text):

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker, I am planning to do so.

PUBLIC BUILDINGS

REQUEST FOR NAMES IN BOTH FRENCH AND ENGLISH

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I have three questions based on the same idea. May I be permitted to ask the three questions at once, because they could all be answered together?

Mr. Speaker: This is an unusual problem. The hon. member says the three questions can be answered together, but I think it would be better to separate them and ask the first one first.

Mr. Caron: It will not save time. I wish to direct a question to the Minister of Public Works. At the experimental farm the building formerly known as the dairy research building, with its French equivalent, has been repaired and now carries the name "Dairy Technology Building" in English only. Would the minister see that this mistake is corrected in the near future and French given its proper place?

Hon. Howard C. Green (Minister of Public Works): I will have to look into this question.

Mr. Caron: The second question, Mr. Speaker. The new building for the Department of Agriculture is called the science service building, in English only. Would the minister seek to correct this omission in the very near future?

Mr. Green: Same answer, Mr. Speaker.

Mr. Caron: The third question. A new building is going up presently for the Department of Public Works, and another for the Post Office Department, administration branch. Would the minister see that both English and French are used in the naming of these buildings?

Mr. Green: The hon. member was not doing too badly while he stuck to his own bailiwick in Hull, but now he is over on the other side of the river and I am not so sure. I point out that questions of this type are not properly to be asked on the orders of the day, but are usually put on the order paper.

Mr. Caron: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Caron: On a point of order, Mr. Speaker.

Mr. Speaker: Order. The question has been asked and answered, and I will not entertain points of order as to its relevance.

Mr. Caron: Mr. Speaker, I think I am permitted to bring up a point of order on the question, because the minister referred to me.

Mr. Speaker: Order. The hon. member cannot deal with a point of order that is not before the house. I refuse to consider the validity of a question that has already been asked and answered.

Mr. Caron: On a question of privilege, Mr. Speaker, the minister seemed to indicate that an hon. member has the right to look after business only in his own county. We have been elected as members of the House of Commons, and I do not think the minister has the right to make the statement he just made.

Mr. Speaker: I am sorry, but that does not appear to me to be a question of privilege. It is perhaps a matter of argument, but no privilege of the hon. member has been infringed.

[*Later:*]

Mr. J. O. Gour (Russell): Mr. Speaker, I wish to direct a question to my good friend the Minister of Public Works, arising out of his reply to a question asked by the hon. member for Hull. The hon. member for Hull comes from Quebec and I am an Ontario man, so perhaps the minister will entertain my question. The minister is a good man, and I believe he is one of the finest politicians in that group. I would urge him to see to it that the names of those buildings appear also in the French language, as should be the case without any question of

anything political. The hon. gentleman used to talk about unity and the fact that this is a bilingual country—

Mr. Speaker: Order.

Mr. Green: If I may say a word in reply, Mr. Speaker, I would point out that the hon. member has a great many government buildings in his riding. If that were not the case we might give some consideration to naming one of them the Gour building.

TRANSPORT

REQUEST FOR STATEMENT ON INCREASED COMMUTER FARES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. Is the minister aware of a tariff filed with the board of transport commissioners by the Canadian National Railways and the Canadian Pacific Railway providing for commuter fare increases of from 17 to 37 per cent in the metropolitan area of Montreal? Will he bring to the board representations outlining the seriousness of this increase to those using commuter services? Perhaps he may wish to make a statement on this matter.

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker, I am aware of the proposed increase, and I have already spoken to the chairman of the board of transport commissioners about it.

Mr. Chevrier: May I ask a supplementary question, Mr. Speaker. If a municipality in the metropolitan area of Montreal protests the increase, will the board suspend the tariff until the hearing is held?

Mr. Hees: Well, Mr. Speaker, I cannot speak for the board of transport commissioners regarding what their action or lack of action will be, but I would say that judging from the action that has been taken in similar cases in the past I would think if a municipality did protest, there would be a good likelihood that the increase would be suspended pending a hearing.

AIRPORTS

BOUNDARY BAY, B.C.—INQUIRY AS TO MEETING OF OFFICIALS

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): Mr. Speaker, I should like to direct a question to the Minister of Transport with respect to the urgent problems relating to the Boundary Bay airport in British Columbia. Would the minister inform the house whether a meeting has been arranged with officials from Vancouver and officials of the minister's department?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker, a meeting has been arranged during the first week in March between officials of my department and representatives from Vancouver including Alderman Halford Wilson, the Vancouver airport manager, the president of the British Columbia aviation council and Mr. Frank Bernard, director of the council.

HIGHWAYS

REPORTED PLAN TO PAVE ALASKA HIGHWAY ON COST-SHARING BASIS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of a press dispatch in this morning's papers saying that Senator Neuberger had introduced in the United States congress legislation to authorize the paving of the Canadian portion of the Alaska highway on a cost-sharing basis with Canada. I wonder if the Prime Minister would comment on Senator Neuberger's statement that the project had been discussed by President Eisenhower and our Prime Minister at the Ottawa meetings last summer. Can the Prime Minister say whether the Canadian government will participate in such a project if it becomes law in the United States?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have not read the item in question, but I should be glad to look into the matter and see whether or not I am in a position to answer the question in the form in which it was asked.

[*Later:*]

Mr. Speaker, the hon. member for Assiniboia has sent over the clipping in question, which reads in part as follows:

> Senator Richard L. Neuberger today reintroduced in the United States congress legislation to authorize the paving of the Canadian portion of the Alaska highway on a cost-sharing basis with Canada.
>
> The Canadian share would run to about $66 million, spread over a six-year period.
>
> Neuberger disclosed that the project had been discussed by President Eisenhower and Prime Minister Diefenbaker at their Ottawa meeting last summer, and urged further more complete meeting between the two countries at a lower level.

Let me say that it was merely one of those informal matters which came up for discussion, not as between the President and myself but as between Mr. Dulles, the Secretary of State for External Affairs and the Minister of

Northern Affairs and National Resources; nothing more than a general discussion.

With respect to the matter, there is no thought whatsoever on the part of Canada at the moment to make the contribution requested, or any contribution to the plan in question as suggested by the senator.

NATIONAL DEFENCE

INQUIRY AS TO TABLING OF WHITE PAPER ON POLICY

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Can he advise the house as to when the white paper on defence will be available for distribution to hon. members?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, it will be available for distribution before my estimates are brought down.

Mr. McIlraith: A supplementary question, Mr. Speaker. In view of the very important statement made today by the Prime Minister I wonder if the Minister of National Defence would give some consideration to advising us in a little more definite language as to when it may be expected.

Mr. Pearkes: A decision has now been reached with respect to policy, and it will therefore be possible to proceed with the preparation of the paper. Until this decision was reached it would have been of little value to issue the white paper. Preparation of the white paper will now be pressed on with, and it will be in hon. members' hands before my estimates are presented. Hon. members will recall that in the past the white paper has been issued a day or two before the minister has presented his estimates.

CANADA-U.S.—STATEMENT ON JOINT PROCUREMENT OF DEFENCE EQUIPMENT

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, yesterday afternoon the hon. member for Vancouver East asked a question about a speech which had been made by General Foulkes, chairman of the chiefs of staff, in Ottawa the day before, and I said at that time I had not had an opportunity of reading the comments. General Foulkes was discussing before a group of businessmen, both Americans and Canadians, developments which had taken place in connection with economic co-operation, and was tracing the developments from the time the statement of principles for economic co-operation had been agreed to by our two governments in 1950. I had seen the text of General Foulkes' report before it was given, and I concurred in it.

LABOUR CONDITIONS

REQUEST FOR FIGURES OF EMPLOYMENT UNDER MUNICIPAL INCENTIVE PROGRAM

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I should like to ask the Minister of Labour a question. Could the minister give us the latest figures for the number of municipal incentive projects approved and the number of men working across Canada as a result of this program?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the question asked by the hon. member for Niagara Falls I wish to state that the latest figures we have compiled are as of February 13. There have been 1,511 applications accepted from municipalities across Canada, and according to the figures submitted to us from the municipalities this would give employment to some 25,000 workers.

AIR TRANSPORT

CANADIAN PACIFIC AIR LINES—SERVICE BETWEEN VANCOUVER AND PRINCE RUPERT

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Skeena asked if we had received any representations regarding a direct air service between Prince Rupert and Vancouver. I told him I would have to check with the air transport board. I have now had an opportunity to do so, and I find that we have received no representations of that kind.

CRIMINAL CODE

INQUIRY AS TO PROTECTION AGAINST WIRE-TAPPING

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I have a question for the Minister of Justice but in his absence I shall direct it to the Prime Minister. I know that one of his many accomplishments is the fact that he is a highly distinguished member of the bar, and he will be fully capable of answering my question.

In view of the charges that the C.B.C. has used wire tapping, and in view of the very commendable stand taken by Mayor Phillips of Toronto and other Toronto municipal officials in regard to the practice of wire-tapping, as reported on the front page of today's *Globe and Mail,* could the Prime

Minister assure the house that the Criminal Code or other federal statutes guarantee protection for Canadian citizens against this dangerous practice?

Mr. Speaker: The hon. member for Timmins prefaced his question with a couple of statements which are not the kind that can be dealt with in reply on orders of the day, and for that reason they are contrary to the rules. The hon. gentleman then asked the Prime Minister for advice on a legal question—without offering to pay the usual fee, I understand. Unless the Prime Minister wants to answer the question I would consider it out of order.

Mr. Martin (Timmins): Mr. Speaker, I would suggest that this is advice not for my own personal benefit but for the benefit of a great many interested Canadians.

Mr. Speaker: I understand the hon. member's feelings, but on the other hand it is strictly out of order to ask the Prime Minister or any minister to give an interpretation of the Criminal Code.

EXTERNAL AFFAIRS

INVITATION TO U.K. PRIME MINISTER TO VISIT OTTAWA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether in view of the reported visit of the Prime Minister of the United Kingdom to Washington in March, presumably among other things to report on his journey to the Soviet union, Mr. Macmillan has been invited to come to Ottawa?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, what I have seen in the newspapers is to the effect that Mr. Macmillan will be in Washington. If he comes to Washington, naturally in the ordinary light of events of the past he will come to Ottawa, where he always receives a warm welcome; and I am sure an invitation is extended by all hon. members.

May I add, in connection with the pilgrimage that he is making to Moscow, that I know all hon. members and indeed mankind in general hope that he will be successful in bringing about a better relationship for peace.

CANADIAN BROADCASTING CORPORATION

FRENCH NETWORK—PROPORTION OF LIVE PROGRAMS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of National Revenue and tell him that I am happy to see him fully recovered and back in the house again. My question is this—incidentally, I have not given him notice, and he may take it as notice if he is not able to reply at this time—in view of the fact that for the last seven weeks a very small proportion of the programs of the French network of the C.B.C. has been live, can the minister tell the house whether this situation violates the broadcasting regulations? If so, what is the board of broadcast governors doing about this particular matter?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I appreciate the medical diagnosis which the hon. member has given the house, and I trust that his reputation as a doctor will be confirmed as being as high as his reputation as a lawyer.

It seems to me that I had some little difficulty in this house some time ago in attempting to give a legal opinion on certain facts in connection with this strike, and I am not in a position to say anything about the network programming and the regulations of the board of broadcast governors.

Mr. Chevrier: Will the minister be good enough to inquire and ascertain what the position is?

Mr. Nowlan: I shall be glad to make an inquiry.

NATIONAL DEFENCE ACT

AMENDMENTS RESPECTING COURT MARTIAL APPEAL BOARD, ETC.

The house resumed, from Thursday, February 19, consideration in committee of the following resolution—Mr. Pearkes—Mr. Sevigny in the chair:

That it is expedient to introduce a measure to amend the National Defence Act by providing for the court martial appeal board to be reconstituted as a superior court of record, to authorize the payment of travelling allowances to its members and to provide also for the appointment of, and the payment of fees to and the travelling expenses of military advisers to the court; and to provide further for certain changes in connection with the administration of the act.

Mr. Hellyer: Mr. Chairman, the changes proposed in this resolution seem rather insignificant in comparison with the very lengthy and important announcement just made to the house by the Prime Minister. It is not my intention to make any lengthy comment at the present time on the proposed changes, but just to mention the various subjects briefly and reserve the right to mention them again when the bill is actually before the house.

The first matter mentioned by the minister last night was that of facility for additional integration of the Canadian armed forces.

This process began when our party was in office. It is certainly one in which we concur. Any proposal which will result in more economic and efficient operations will certainly receive our approval. I think experience in the medical and chaplain services has been quite satisfactory, and if this type of efficient operation can be carried into other branches of the services we would all welcome it.

The second subject the minister mentioned was that of the rules of evidence in trial by court-martial. These undoubtedly are of a somewhat technical nature, and we shall have to wait until we see the bill to know precisely what the minister has in mind. Certainly any additional safeguards on the imposition of the penalty of death by courts-martial will be welcomed. Our tradition of law is such that we not only have to be thankful for the privileges which have been handed down to us from generation to generation but we have to make a real effort to extend the safeguards to the individual.

As far as the court-martial appeal board is concerned, as I recollect the situation this was an experiment commenced when Hon. Brooke Claxton was minister of national defence. It was quite an informal arrangement, and I believe the board met only in Ottawa. Experience showed it to be a bit cumbersome. One serious complaint was that it took too long for decisions to be brought down. It was very difficult to secure the attendance of sufficient appointees to constitute a quorum. I believe it was decided to watch the experiment in operation for a period of time before suggested amendments would be brought forward. I would presume that what the minister has in mind under the proposal to set up a court-martial appeal board is based on the experience gained over the years.

Mr. Pearkes: Appeal court.

Mr. Hellyer: An appeal court in substitution for the board. I would assume that it would be somewhat streamlined and be able to do the job more effectively. In the same connection the proposal to make applicable the same rules of evidence as in civil courts is something we can study when the bill is before us. It would seem to be something to which we would have no objection. In addition, I am sure that the right of appeal from the proposed appeal court to the Supreme Court of Canada will also be a welcome safeguard.

In mentioning the proposed change from the present French version of the name of the Royal Canadian Air Force the minister did not tell us what he has in mind. I know that the present name is highly regarded by many people, and we will have to wait until we hear the proposed new name before we can decide whether or not it is an improvement. This is a matter upon which some of the members from Quebec will perhaps wish to comment when we have full information before us.

The minister's conclusion that the changes are designed to improve the discipline and administration of the Canadian forces would appear to us to be proper, and we look forward to seeing the bill.

Mr. Herridge: Mr. Chairman, I wish to speak very briefly on the resolution to which, I am sure, the house will give general assent. As far as integration of the forces is concerned, I think everyone agrees that is a common sense approach under modern conditions. I am sure the minister realizes how horrified some members of the forces would have been 50 years ago if such a thing had been suggested, but in our society it is an inevitable development of our defence forces.

The amendment with respect to the rules of evidence appears to be an important improvement. We will have to wait until we see the details of the bill.

With regard to the safeguards having to do with courts-martial, that is right in line with modern thinking and the new approach to the way persons in the armed forces should be treated with respect to courts-martial and the application of justice. I am very interested in the provision of an appeal court to hear appeals against decisions of courts-martial. I almost got court-martialled on one occasion. I was on a range back of the lines in France as a musketry instructor. I was attached to a British regiment at the time and was instructing about 50 men in musketry. During the exercise the men were supposed to pump dummy ammunition through the rifles and aim at the instructor's eyes. On one occasion I said, "Don't aim at my eye, shoot past my head". The man pulled the trigger and a bullet went pass my head. There was an investigation, and all 50 of those blighters swore that I had never inspected their arms. I was taken 15 miles in a G.S. wagon and told that I was going to be court-martialled. Presumably Colonel Kimball, whom the Minister of Public Works knew very well and respected as I did, got me freed from a very serious charge. I am quite sure that under those circumstances there would have been no appeal at all.

Ever since that time I have been interested in making it possible for soldiers to appeal against the decisions of courts-martial. Seriously speaking, I think this is a very good development, because I have knowledge of

other incidents that occurred while I was serving in the forces where I thought an appeal against the court-martial in question would have been justified and in the interests of justice.

Mr. Pearkes: Just before the resolution carries, if it is of any interest to hon. members I can advise them of the change of name provided they will pardon my atrocious French pronunciation. The present French name for the air force is Corps d'Aviation Royal Canadien. That name indicates that it is a corps, a corps being a subordinate part of an army formation. This name has caused confusion, particularly in European countries such as France and Germany where our air division is serving. The suggested name, Forces Aériennes Royales du Canada, removes that objection.

Mr. Chevrier: May I ask the minister a question. I presume that this amendment will be contained in the bill that will be brought before the house in due course.

Mr. Pearkes: Yes. As I indicated last night, this is one of the amendments to the National Defence Act which we are introducing in the bill.

Mr. Chevrier: Is the new name a matter of translation only?

Mr. Pearkes: It is a matter of translation only.

Mr. Chevrier: Then may I bring this to the minister's attention. Of course I am not a translator and am not versed in niceties of translation, but it would strike me that the translation puts an entirely different aspect upon the name in French than was the case before. The name Corps d'Aviation Royal Canadien, which to me places the emphasis on Canada, becomes Forces Aériennes Royales du Canada, which places the emphasis on "Royal". Has the minister any comment to make on that?

Mr. Pearkes: I think we had better discuss that when the bill is before the house.

Mr. Herridge: Before the resolution passes I must compliment the minister on his bilingualism.

Resolution reported and concurred in.

Mr. Pearkes thereupon moved for leave to introduce Bill No. C-27, to amend the National Defence Act.

Motion agreed to and bill read the first time.

[Mr. Herridge.]

NATIONAL HOUSING ACT

AMENDMENT INCREASING AGGREGATE AMOUNT AVAILABLE, ETC.

The house resumed from Wednesday, February 4, consideration in committee of the following resolution—Mr. Green—Mr. Sevigny in the chair:

That it is expedient to introduce a measure to amend the National Housing Act, 1954, to increase from seven hundred and fifty million dollars to one billion dollars the aggregate amount that may be paid out of the consolidated revenue fund under subsection 1 of section 22 of the act, and to remove the limitation on the amount thereof that may be advanced to the corporation for the purposes of subsection 1 of section 11 of the said act, and to provide further for certain changes in connection with the administration of the act.

Mr. Howard: I should like to make a comment or two on this subject, sir, with reference to a group of people in a specific wage bracket, that is those who earn less than $3,000 a year. This matter has been dealt with to some extent by the minister in his opening remarks and slightly by other hon. members.

Before proceeding with my argument I think it would be well to lay the groundwork for it by a reference to the effect of the government's housing policy in connection with the low wage group by making a reference to the twelfth annual report for 1957 of the Central Mortgage and Housing Corporation. On page 10 this report indicates that a large proportion of the houses built under the act were in the range of $14,000 to $18,000, and that the average annual income of the borrowers was about $5,800. We can see, therefore, that the great proportion of the houses that have been built cost from $14,000 to $18,000 and that the average income of the borrower was $5,800.

A large proportion of our population falls in the income group of less than $3,000. The latest statistical information I have been able to get on this subject comes from the taxation statistics for 1957, which indicate that 62 per cent or almost two-thirds of our total working force in Canada earn less than $3,000. We are entitled therefore, I feel, to make some specific inquiries of the minister and make some suggestions to him.

Mr. Green: May I ask the hon. gentleman a question. Has he not noticed that the figures he gave refer to houses financed prior to the middle of 1957, which would be under the insurance provision and not under the small home loans policy at all?

Mr. Howard: Yes, I have, Mr. Chairman, and I am going to make comments in that direction later, as well as on the other phases of the minister's remarks.

We have seen over a period of years that there has been a great decline in the number of houses which have been made available to people in the low income brackets. It does not matter where you get the figures from because they date back to 1946 and the figures would be the same, but the ones I have in mind are for the fourth quarter, Canadian housing statistics, 1957. These statistics indicate that in 1946 people in the income bracket of less than $3,000 per year accounted for 79.8 per cent of the applications for homes under the National Housing Act. In 1950 this declined to 31.3 per cent, and by 1956 it was down to .4 per cent. This shows the gradual decline in the number of people in the income bracket of less than $3,000 who were able to participate in home building under the National Housing Act.

We have seen, too, the gradual increase in the interest rate. I believe the original interest rate under the act was about 4½ per cent; the exact figure escapes me for the moment, but it was about 4½ per cent. However, there has been a gradual increase in the interest rate on money available under the National Housing Act to the 6 per cent which was announced some time in January, 1957. With the increase in interest rates applicable, with the increase in the cost of homes and with the inflation applying to it, and with the relatively large number of our wage earners in Canada still being in the low income brackets, it is evident that these people have found themselves in a squeeze between the amount of their income and the rising cost of homes.

I return to figures I placed on *Hansard* last year, and which were given to me by Central Mortgage and Housing Corporation. These figures relate to what a 6 per cent interest rate means to borrowers. I was told that as a result of the manner in which interest is calculated on N.H.A. borrowings, it amounts to an additional $919.42 for every $1,000 borrowed. If we apply this to an average loan of $10,960 which was the average for 1957, we find that a person is immediately in debt to the tune of some $21,000 for a home which probably sold for $11,000 or $12,000.

Now, there are two approaches that can be taken toward providing houses. One of them can be on the basis of supplying the need for houses, and the other can be on the basis of meeting the effective demand. In the past I think we have tended toward considering this effective demand for houses more than we have tended to look at the requirements or needs. Effective demand has been interpreted to mean the number of new homes which people are prepared to buy and are financially able to buy. Certainly in 1933, 1934 and 1935, as well as in later years, there was a need for new homes, for additional housing facilities, but certainly no effective demand because of the economic conditions in the nation. There is relatively little effective demand for housing from people in the low income brackets; they simply cannot afford housing. There is certainly a need for housing for these people in the low income brackets, this 62 per cent of our population that falls in the class earning less than $3,000.

I suggest that this government should take a new look at this question from the point of view of having the housing legislation satisfy the need, and get away from looking at the effective demand for these particular houses.

I am sure the minister does not need anyone to continue to remind him of this particular question. Inasmuch as he just came back from the most glorious part of Canada, I am quite sure he will be in an even more humorous and an even more generous mood to do things of this sort. In one way or the other we must bring these people who are in need of housing into this effective demand group, though they may not now be in a position to afford these high cost homes or see their way clear to do so at 6 per cent a year—or 6 per cent semi-annually, I believe you should call it—and cannot see their way clear to go into this kind of debt to buy homes. The government can do a number of things, inasmuch as it is the major participant now in the field of home building and construction in order to ensure that the needs of people in the low income groups are met.

The suggestion has been made that interest rates be lowered. That is a suggestion to which I subscribe. I think the 6 per cent interest rate is far too much to expect a person to pay, especially when we are lending him his own money back in order to buy a home.

The argument we have heard from the minister is this. If we were to lower the interest rates we would in effect then dry up private mortgage money; that the private financial institutions including insurance companies, banks and other lending institutions would find that it was not profitable enough to lend money for housing at less than 6 per cent, and would consequently channel their money in some other direction.

We can offer these lower interest rates and, if need be, we can allow a lower interest rate to people who are in the lower income brackets, who are not now able to borrow one way or the other, either from the banks or private lending institutions or directly through C.M.H.C. because of the interest rates and because they are in a low wage

category. Incidentally I may say that suggestion has been made by a number of organizations interested in housing. We could increase our participation in the subsidization of housing. We certainly could expand the limited dividend housing arrangement and remove the restrictions that are there. But beyond all this, and overriding these various suggestions that are made from time to time, I think one of the glaring faults, especially in the last couple of years, with regard to the National Housing Act is that its original basis, the original reason it was put into effect and the conditions which existed at that time, have now changed. It is therefore necessary to change the philosophy and the outlook of the government and the outlook of the people administering the act, and the actual form of the act itself.

I suggest that a complete overhaul must be made of our national housing legislation in the light of changing circumstances. Whether it be done by a royal commission, a joint committee of this house and the other place, internally within the department or within C.M.H.C., it does not matter too much to me so long as it is done, so long as the act is overhauled and so long as we are going to operate our act on the basis of the needs and the desires of our people, especially those in the low income groups, and how we can best accommodate them. That cannot be done now as the legislation stands and as it is administered.

I would suggest that the act is not only out of date from my point of view but that this idea is taken up by Central Mortgage and Housing Corporation itself in its own annual report for 1957 where, at page 9 it says this. I do not know whether C.M.H.C. were justified in interpreting what parliament did; nevertheless this is the attitude that is expressed at page 9 of this report:

> Parliament in passing the National Housing Act in 1954, had never intended that the corporation should become a major supplier of mortgage money.

It was on that basis that the act was enacted. It was on that basis that C.M.H.C. has been operating. It was on that basis apparently that parliament in 1954 put this legislation on the statute books, namely that it never intended C.M.H.C. to become a major supplier of mortgage money. But we find that this is precisely what has happened within the last two years, and the statistics were given by the minister. They are to be found in *Hansard* somewhere; I do not think I need to look them up. They appear also in the annual report of C.M.H.C. to which I have referred on two or three occasions.

[Mr. Howard.]

In the last two years we have seen that these private lending institutions—the insurance companies, the mortgage companies, the banks and so on—have failed in their responsibility to society to provide money for housing. Consequently the federal government has been obliged to step into the picture; and again we are being obliged to increase our allocation of funds to C.M.H.C. by this very resolution that is before us at the moment.

In 1955 C.M.H.C. provided only 2.7 per cent of the funds under the act; only one fiftieth of the amount of money spent on housing under the act came from the corporation. In 1956 this amount was almost doubled to 4.8 per cent, so that approximately one twenty-fifth of the money spent under the N.H.A. came from the corporation. But then in 1957 we discovered that it was necessary for the federal government and the corporation to take an even greater part in the field of home building, and almost half the entire money spent in Canada came from C.M.H.C. or from the government. This situation is hardly in balance with the announced attitude as to why the act was passed, one of the statements being that it was never intended that the corporation should become a major supplier of money.

We are now a major supplier of money, supplying in one year, I believe, half the entire amount of money provided under the act itself; and again in 1958, if I recall what the minister said, we were in somewhat the same position, again supplying almost half the total amount of money provided under the N.H.A. If this situation does not give some reasons for completely overhauling the act, I do not know what does; and for overhauling the attitude of this government in so far as supplying housing to people in need and who require it, not necessarily on the basis of effective demand, as is the practice at the moment. Until we can do something in that line we shall still be faltering along. These people in the low income groups will still find housing too far out of reach for them to buy it. They will still find interest rates far too high and they will find that, for one reason or another, they are not able to increase their annual incomes in order to attain the housing that is required.

I hope the minister will take this matter into consideration. Knowing that sunny disposition he has, especially after having looked at the crocuses and daffodils that are growing in our native province, I hope he will come back here with that sunshine and with that basic socialist approach he has to

things, and will introduce the type of amendments that are necessary in this act in order that the needs and desires of the people may be met.

(Translation):

Mr. Bourget: Mr. Chairman, I do not propose to talk very long on this resolution. However, I should like to take this opportunity to congratulate the Minister of Public Works (Mr. Green) for the magnificent outline he gave us of the housing situation. I am glad also to point out that the minister has kept the matter on a high plane, and I believe that members who took part in the debate so far have also tried to keep their remarks on the same level. In my opinion, Mr. Chairman, this attitude indeed shows that hon. members realize the importance of the problem, both from an economic and social standpoint, and I believe it can be said that all parties here have always favoured the adoption of measures designed to improve the housing situation in this country.

I should like also to underline the splendid work done by the officials and employees of the Central Mortgage and Housing Corporation. From 1953 to 1957, I had the opportunity of working in close co-operation with them and I was in a position to notice their devotion and diligence in the exercise of their duties. I hope the minister will not begrudge my saying that they deserve much of the credit for the success of their work.

As I said a moment ago, Mr. Chairman, I do not propose to talk very long, because I already had the opportunity in December 1957 and May 1958 of making some remarks and suggestions about that matter, and I feel that the remarks and suggestions I made at the time still apply.

Of course we appreciate the results obtained last year, when the housing starts reached 164,000, i.e. 19 per cent more than the record high of 1955, when the housing starts had reached 138,300. However—and I say this in all sincerity—in spite of the minister's good will, I feel that, even though more funds were made available and minor changes are embodied in this resolution, so far the National Housing Act has not answered the main purpose contemplated when it was enacted, that of providing decent homes for all Canadians.

In fact, in a report prepared by the Central Mortgage and Housing Corporation for the third quarter of 1958, entitled *Canadian Housing Statistics*, the following remarks can be read on page 6:

> There has been very little change in the level of income of borrowers under the National Housing Act, in the third quarter of 1958. The average income of insured loan applicants was $5,862, roughly $700 more than the average income of applicants under the loan program for the construction of low-price housing. Family income exceeded those amounts by $500 to $600.
>
> The average cost of houses bought by insured loan borrowers was $14,937. Under the loan program for construction of low cost housing, the average cost of a house was $13,519. In both cases, the average down payments were $3,392 and $2,363 respectively.

Thus, Mr. Chairman, the C.M.H.C. says that houses bought by holders of insured loans cost an average of $14,937, while under the loan program for the construction of low cost housing, the average cost of a house was $13,519. As I said earlier, the average down payments were $3,392 and $2,363, respectively.

So, Mr. Chairman, the average income of borrowers under the loan program for the construction of low cost houses was $5,162 and the average cost of houses of this type was $13,519.

That is why I asked the hon. minister, when he introduced his motion to the house a few days ago, how a man earning $3,000 and even $3,500 a year could take advantage of the present legislation. True, the price may vary according to the site and size of the house, but in a city like Levis, for instance, which is in my constituency, I think I can state that it is very difficult,—as experience has proved, —to build a house for less than $10,000. I could give additional evidence of this.

Mr. Chairman, may I refer again to the C.M.H.C. report for the third quarter of 1958, under the heading: "Housing statistics in Canada," and more particularly to page 30 of that report where I find table No. 51, entitled "Price of houses financed under National Housing Acts" and to the third column under the heading "Third quarter 1958, loans for low cost housing".

I find that only ½ of 1 per cent of these houses cost between $8,000 and $9,000; that 1.9 percent cost between $9,000 and $10,000; and that 5.3 per cent cost between $10,000 and $10,999. And reading down that column, I find that the cost of the majority of those houses was between $11,000 and $15,000.

This goes to show, Mr. Chairman, that I was right in saying that, even for urban low cost housing—and I gave as an example the

town of Levis, which has a population of 15,000—it is absolutely impossible to build a house for less than $10,000.

Now, in the province of Quebec, average earnings being from $65 to $68 a week, the minister must realize that a large majority of workers are uneligible under the act, because they do not earn enough to meet their monthly mortgage payments, plus municipal and school taxes and other fixed charges. In fact,—I cannot remember just where I saw it, but I read somewhere—that, at the present time, 40 to 45 percent of Canadian families are barred from the benefits of this act.

I do not want to blame the minister for this, —and I repeat this in all sincerity—because I know the problem is not an easy one to solve, and I know too that he is doing the best he can, in co-operation with C.M.H.C. officials and employees, to find some way to help these people who, so far, have been deprived of certain benefits provided by the National Housing Act.

However, I hope he will allow me to put forward two suggestions that he might consider with his officials, if this has not already been done.

The first would be that people who apply for a direct loan from the corporation, and whose income is less than $5,000 a year, be charged the same rate of interest as is required from limited dividend firms, namely 4½ per cent or 4⅝ per cent as has been the case since October 1958. This would substantially reduce the borrower's monthly payments.

The second suggestion would be to give financial help to municipalities for land servicing. I think I am in very good company in making this request, because if you look up *Hansard* for April 23 1956, you will find on page 3170 the following words spoken by the present Minister of Finance (Mr. Fleming), I quote:

> It remains a fact, as we in this part of the house pointed out two years ago in the debates on the new bill, that the housing problem constitutes a very severe test of the financial strength of municipalities. There is still a lamentable dearth of serviced land, particularly in the areas of greatest need, and this is today the major bottleneck in the path of construction to meet the need.
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> The municipalities on whom the burden of providing services for land normally falls are literally at the end of their revenue resources. The federal government has within its power the solution of this serious and critical problem, but it continues to withhold that solution. It leaves the responsibility to the provinces, which of course created the municipalities, and at the same time in large measure it continues to absorb their sources of taxation.
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> I affirm again as on previous occasions that the solution rests within the power of the federal government. The federal government is not coming forward with any solution of this problem, which is not going to be solved without remedial action on the part of the federal authorities. It is to be hoped that this type of action will come soon.

You see, Mr. Chairman, that as I said a moment ago, I am in good company, and I believe that the government should consider the possibility of assisting municipalities or recommend the passing of a municipal grants act under which the federal government would help the municipalities put in essential services. I think that one effect of such legislation would be to reduce in many cases the price of lands which, as the minister knows, is alarmingly increasing in some areas.

Mr. Chairman, I make those suggestions in good faith and I hope that the minister will give them special attention.

Before I sit down, I would like to point out once again to my hon. friends of the province of Quebec who sit on the government side, that we are always envious of the developments taking place in the other provinces through financial help from the federal government.

Mr. Tremblay: You are messing up your speech, my hon. friend.

Mr. Habel: Perhaps in so far as you are concerned.

Mr. Bourget: At the beginning of my remarks, I said that I would try to keep the discussion on the same level as the minister's statement, and I will not be swayed from my course by the interruptions of my hon. friend from Roberval (Mr. Tremblay).

Mr. Tremblay: You are on the wrong track.

Mr. Bourget: As the minister knows, under sections 23 and 36 of the present legislation, we also in the province of Quebec have an opportunity to take advantage of what is offered under those two same sections to any of the other provinces and of which the province of Ontario especially has taken advantage to so large an extent.

Only one project has been accepted by the government of our province, and that is the one commonly called the Dozois plan. I therefore urge my hon. friends to make new representations to the premier of our province

and get him to understand that it is in the interest of our fellow citizens to take advantage of these two sections of the act. At the same time they might perhaps ask him to extend to Quebeckers who would like to borrow under federal government guarantee, the privilege of the interest discount provided for in the present provincial legislation.

(Text):

Mr. Herridge: Mr. Chairman, I do not know whether I can conclude my words of wisdom before one o'clock, but I was hoping to. First of all I want to congratulate the Minister of Public Works for having pursued this program with vigour since he took his office, within the limits of the law and regulations. Without any doubt his attention and the attention of his officials to this has provided an increased number of homes, an exceptional amount of employment in the housing industry, and a good market for lumber and other building materials. That is all to the good.

I do not want to repeat the many things said by previous speakers in this debate, but I do have a couple of suggestions to make. I wish to express support for the suggestion that the present housing law does not make it possible for large numbers in the lower income groups to obtain the housing they require. From my experience and conversation I have learned that this applies to a great number of families. I feel that two factors mitigate against the ability of those in this group to obtain housing. One is the increased cost of houses and the other is the increased cost of land. These two considerations deny a great number of needy Canadians the opportunity of securing housing.

The suggestion has been made that the act should be revised, and I support that proposal. I wish to draw to the attention of the minister a fact which I presume he already knows very well indeed. The best housing legislation we have had in Canada to date is that provided under the small holdings section of the Veterans' Land Act. The results of that legislation are demonstrated all across Canada. I am not reflecting on the administration of the Central Mortgage and Housing Corporation legislation by the officials of that body, because they have to administer a somewhat different act; but under the administration of the Veterans' Land Act these men are permitted to act as their own contractors. I know many veterans in my own constituency who have been able to provide themselves with very satisfactory homes under this legislation but who would not have been able to secure similar homes under Central Mortgage and Housing Corporation legislation.

I urge the government to give consideration to amending the National Housing Act to include provisions to meet the needs of those requiring housing but who are unable to secure it at the present time. I would suggest amendments along the lines of the small holdings section of the Veterans' Land Act.

Mr. Green: Mr. Chairman, I am sure the hon. member realizes that the borrower under the National Housing Act may build his own home.

Mr. Herridge: Yes, Mr. Chairman, but there is a greater scope under the Veterans' Land Act.

The Chairman: I regret to interrupt the hon. member, but it being one o'clock I must leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Herridge: Mr. Chairman, when we rose at one o'clock to stoke the fires of our bodily furnaces I had been dealing with the necessity of the liberalization of the act in order to provide homes for low income groups who could not take advantage of the act at the present time, and I had suggested that when that was being given consideration by the government, the government would be well advised to consider the experience of the small holdings section of the Veterans' Land Act administration. I speak with some knowledge of the success of that administration because I have followed very closely the construction of quite a large number of houses in my own constituency in the larger and smaller communities. It has been a most successful housing project. First of all the Veterans' Land Act administration, in co-operation with the Legion, provides classes in construction for those who desire to build their own houses and assists them to learn how to dig basements and to obtain knowledge of housing tools, and so forth. Throughout the whole period of construction I find there is the greatest co-operation on a

personal basis. I have found the field supervisor going around to see the men and frequently giving the advice about materials, where they can get materials to advantage, and so on. Throughout the building there was constant supervision on, shall I say, a very good basis, a type of supervision that was appreciated by the veteran concerned who was building his house under the small loans section of the Veterans' Land Act.

Then, I think it is quite correct to say that we must give the administration of the Veterans' Land Act credit for establishing, shall I say, what is known as "collections without tears". They have an excellent record in that respect. One has only to talk to the veterans around the constituency who build houses under the supervision of the field supervisor to find out what they think of this kind of legislation. I am not saying that all aspects of the legislation can be drafted into amendments to the housing act; but I do suggest it is a foundation of experience, and it has produced results. It deserves very serious consideration by any government which is aiming to do something to provide houses for the people who are still denied them.

I want to say a word or two about the unorganized community. I am not talking about the small organized villages or small towns; I am talking about the unorganized communities, unorganized districts, and we have quite a number of those in British Columbia. We have villages with populations of, say, 1,000 people that are not yet incorporated. I find that the Central Mortgage and Housing Corporation is very loath to advance loans under those circumstances. I do suggest that consideration should be given to factors other than the fact only that the village or community is incorporated. I know a number of unincorporated communities that have excellent local fire brigades, excellent water systems, in some instances quite superior to those in incorporated communities. This can be proved by consulting the fire insurance companies as to the fire insurance rates, especially in those communities, and I do suggest that consideration should be given to those other factors when applications are received from persons who want to build in unorganized communities or in unorganized districts. This is all I am going to say about this aspect of the matter. I am going to restrict my words of wisdom as far as possible.

I do want to say a word or two about research with respect particularly to the use of materials. You know, Mr. Chairman, this is an age of conformity. Everybody wears the same sort of hat except me and everybody wears the same sort of clothes. We build the same type of houses except that the bedroom is on the right-hand side of the front door instead of on the left, and things of that sort, and we all utilize the same type of furniture.

I think our housing corporations should do something to provide some diversity in our culture and in our housing developments by giving some consideration to design, particularly so as to provide the greatest diversity possible within the limits of the price range and also to provide some diversity with respect to use of materials. I want to mention this as something which has come to my attention in recent years. We are an odd people; we are a most wasteful people.

I will tell the committee what is happening in my district. I speak with some knowledge because I am a director of a minuscule lumber company. Wealthy people from California are coming up here buying logs in order to build log houses that cost $100,000 or more. They are having them treated and are actually buying them in our district. We are sending out carloads and carloads of cedar shakes made from British Columbia red cedar. I made inquiries and incidentally I found that it is the best value in roofing known today. According to the United States department of documents, research division, the cedar shake is still the best value for your money today; that is, its cost in relation to the life span. To illustrate that, Mr. Chairman, I might say that my office was built in 1898 and has the same cedar shake roofing today that was placed on the office when it was first built and it is in first class condition. In the district in which I live we find carloads and carloads of red cedar shakes being shipped to California because wealthy people there want to use them on the roofs of their houses and as siding. Yet the very men who are manufacturing these shakes are buying asphalt shingles and things of that sort. The same is true of other natural commodities.

I think we should give some consideration to bringing about diversification in our housing. In my opinion, economies can be achieved if the corporation will give consideration to the use of local materials. The beauty and diversity of our housing will be increased and in some cases the costs will be lower. I know what I am speaking about because I can show the minister a log cabin in my district that has 3,600 feet of floor space. It is modern in every respect. It has a basement, is electrically equipped, is panelled with various woods in different rooms and each floor is covered with a different flooring including birch, fir, pine, spruce and so on. That house cost less than $10,000. We have dozens and dozens of people in our district

who with a little encouragement—I am not saying this can be done on a large scale—in the use of logs and in the value of cedar shakes for roofing and siding could be provided with homes at a lower cost than is the case today if they built them themselves under supervision. Such homes would add something to the landscape and to the diversity of housing in Canada.

Before I conclude, Mr. Chairman, I want to bring another matter to the attention of the minister. I think more research should be carried out in connection with fireproof paints for wooden houses or other wood structures. I have made many inquiries and I find that very little is being done today even by the national research council, other research organizations connected with the government or by private industry although I understand that the United States defence forces have produced a reasonably priced fireproof paint or stain that can be sprayed on shingles, shakes and lumber which will then resist an unusual amount of heat. I suggest to the minister that some consideration be given to research in that direction because it would lessen the fire losses in a good many cases, particularly where there are hazards created by chimney fires in winter and things of that sort.

That is all I have to say at this time on the resolution. I trust that the minister will give some consideration to my suggestions which he knows are always on a very sound basis indeed.

Mr. Smith (Lincoln): Mr. Chairman, I had not intended to speak on this matter but since I have been engaged in house building for a good many years and have built a good many N.H.A. houses I thought I should like to bring to the attention of the minister a few things to which I should like him to give consideration. I am sorry that I was not here to hear his address at the beginning of the debate but I should like to join with others in congratulating him for the splendid job his department has done in providing money for the building industry. Nobody realizes better than the minister just what this money does. It not only provides jobs in the building industry but it provides a great many jobs in industries allied to the building industry such as those making plumbing supplies, furnaces and a great many other things. So I am sure that what the minister has done has probably been more effective than what has been done by any other department in preventing the country from falling into a greater recession than at present.

However, several things have come to my attention. One is that while the building industry has probably had one of its best periods in the last two years, nonetheless industries such as those engaged in the manufacture of hardware and plywood are now at about the lowest level of production they have experienced for many years. That is particularly so of the hardware industry. If any industry in Canada should be busy today it is the hardware industry. In Ontario we have five or six good hardware manufacturers such as Yale and Towne, Toronto Lock, Peterborough Lock and Belleville Lock but, with the exception of Yale and Towne, they have practically all gone out of business. Yale and Towne is now importing into Canada almost all the locks it sells. In the last week I went with a delegation from the united electrical workers to see the Department of Trade and Commerce in connection with this matter. The government was asked to do something to try to stimulate the hardware industry in Canada and to prevent so much importation at a very low tariff rate.

Then there is the plywood industry. While softwood plywood has not been too badly affected yet, nonetheless about 64 per cent of hardwood plywood, a lot of which is used in housing today, is coming into Canada from foreign countries. A great many plywood plants in Ontario and other parts of Canada have gone out of existence. To me this is a very serious problem and I would ask the minister to give the matter serious consideration because, after all, I think the Conservative party is pledged to support home industry and the manufacturing of more of our own raw materials.

There is another matter I should like to bring to the attention of the minister having to do with the cost of building lots. In the last five years we in the industry have seen building lots go up in price from about $500 to $5,000, and in some cases even more. All communities are not affected but in areas like Toronto, Hamilton, yes, St. Catharines too, the cost of land has gone up to a point where it is creating quite a hardship for people who wish to buy lots in order to build homes.

I have always been a great supporter of the land assembly scheme. I think it would do a great deal toward eliminating much of the middleman's profits and making land available to builders and home owners at a reasonable cost. The land assembly scheme is a three-way scheme whereby the municipalities, the provincial government and the federal government work together to buy land, put in the services and make it available for building.

Another problem is the cost of low rental housing. I do not think that we have really

scratched the surface and I hope ways and means will be found to build low rental housing. I know it is a problem to get prices down so as to be able to charge what might be considered low rentals but nevertheless it is a problem we have got to face. That, of course, brings us to the question of the high cost.

Now, there are a great many people who will say that we have ourselves to blame; that we priced ourselves out of the market; that wages are too high. These may be reasons, but they do not help us in solving the problem. I hope that during the year this government will give some consideration to reducing the cost of building low rental housing.

Then there is also the question of research for the housing industry. My hon. friends on the other side mentioned this a few minutes ago. We all know that industry spends a tremendous amount of money on research trying to find the cheapest and best way of manufacturing. It seems to me that Central Mortgage and Housing Corporation could conduct research along the same lines in connection with house building, discovering new materials and new methods. We in the building trades have always fought prefabricated houses. We like to have them built on the ground. Nevertheless, I think the minister might very well give some consideration to this aspect of the matter.

There is another point I should like to mention to the minister, and that is the production of low cost housing plans. It is true that last year Central Mortgage and Housing did bring out plans for a low cost house. However, I do not think they publicized them sufficiently. I think they should do more along those lines. They should develop a series of low cost houses for erection in the different parts of Canada, because one type of house may be suitable for Vancouver but quite unsuitable for Ontario and Quebec. I would impress upon the minister the need for getting his department to give some consideration to the production of low cost plans for different parts of this country, plans that would enable comfortable homes to be built at a reduction from today's prices.

I think that is all I have to say at this time. I welcome the opportunity of taking part in this debate.

(Translation):

Mr. Racine: Mr. Chairman, it goes without saying that we fully approve the resolution introduced by the Minister of Public Works, (Mr. Green) which tends to:

[Mr. Smith (Lincoln).]

—increase from $750 million to 1 billion dollars the aggregate amount that may be paid out of the Consolidated Revenue Fund, under subsection (1) of section 22 of the Act.

I recall that last year the Minister of Public Works reminded the house that the purpose of the National Housing Act was to help people in lower income brackets to own a house or to find a decent home at a price they could afford.

Besides, on January 20, 1959, as recorded on page 3 of the English appendix to *Hansard*, for that date, I congratulated the government as follows:

Last year, the government made a substantial attempt to promote housing construction in this country, but unfortunately, this effort has not been and will not be as successful outside the cities.

I added:

Housing capital is largely supplied by life insurance companies, and these are hardly interested in rural investments.

At that time, Mr. Chairman, I had received from the chambers of commerce of the constituency I represent, a resolution asking, among other things:

—that the federal government guarantee housing loans granted by the caisses populaires on the same basis as those granted by life insurance companies, in order to promote construction and provide each family with the opportunity of becoming home-owners, which indirectly would indeed help alleviate seasonal unemployment.

I also note, according to a booklet prepared by the Central Housing and Mortgage Corporation, that it can make loans up to $15,300. I agree that a $15,300 loan would be rather high for a rural community, but I would ask the hon. minister whether it would not be proper to consider a plan designed to guarantee our small rural owners a loan of, say, $5,000. According to the table of monthly payments, including amortization of principal, at an interest rate of 6 per cent, a $6,000 loan would cost the home owner $35.69 a month, including principal and interest. Under the circumstances, I feel that a loan of this amount would be very helpful to people in rural areas.

The National Housing Act has done a lot of good in cities, and we congratulate those who put it through, but I am now wondering whether it would not be possible to extend the same benefit to people who live outside the cities.

I therefore urge the Minister of Public Works to consider the possibility of granting loans based on the municipal assessment, in rural centres of 5,000 people or

more. In my opinion, this would help young people to provide themselves with homes to which they are entitled.

(Text):

Mr. Caron: There is just one point I want to mention. I think everyone approves the increase in the amount mentioned in this resolution. Last week I learned something, and I do not know if it is new or old. A contractor told me that there is so much red tape it is difficult for somebody to get quick action from the housing department. He told me that he tells an individual who wants a house to apply to Central Mortgage and Housing Corporation. The individual does so, and about 15 days later receives an answer to the effect that he should go to an insurance company to obtain the money. He then applies to the insurance company and is told by the insurance company that, for one reason or another, that company is unable to grant the demand.

Then the individual goes back to Central Mortgage and Housing Corporation, and it takes two or three months before he gets another answer. I do not know to what extent this situation is general, or whether it represents one case out of a hundred. However, I am telling the minister what the situation is so that he can investigate the matter before the bill comes before the house to ascertain if anything can be done toward ensuring that people will not have to wait five months before receiving a final answer to their application.

Mr. Green: Mr. Chairman, the discussion that has taken place today on this resolution has been extremely helpful, just as was the case when the resolution first came up for debate some days ago. I am very grateful to all those members who have taken part for the constructive way in which they have approached this problem. I think that anyone responsible for administering housing legislation in Canada would be very unwise to believe that he or she had all the answers because this is a very complicated question and one which, I think, typifies democracy at its best. This is a good example of how a democratic system of government can function.

Throughout the time that I have been responsible for housing I have been conscious of the need to extend the benefits of the act just as widely as possible and in particular to the smaller centres in the country, to the rural areas, and above all to Canadians in the lower income groups. Hon. members will realize, of course, that the government's small home loans policy is directed toward the lower income groups. In pursuing these objectives we have taken a number of steps which I think have helped. They have not solved the whole problem but they have helped a great deal.

The hon. member for Hull mentioned the delay in having applications dealt with by Central Mortgage and Housing Corporation. I think perhaps he had been advised by some contractor who was an exception. In fact, it might have been a contractor who has had some trouble with Central Mortgage and Housing Corporation and was out to get in a little bit of retaliation. The average time for processing a loan is only four days. This is a Canada-wide average.

Mr. Caron: Did the minister say that was for processing the loan or granting the loan?

Mr. Green: For processing the loan. That is the average. In some centres it is more and in some centres it is less. However, that average could not be attained without there being a minimum of red tape. My experience with the corporation has been that it is extremely businesslike and efficient and that its public relations are excellent. I do not believe there is in the country any corporation dealing with large numbers of people which has better public relations than has Central Mortgage and Housing Corporation.

This is a great tribute to the officers and to the staff right from the top to the bottom. I may say that this is something we try to watch at all times. We believe that the Canadian people must be given every consideration. If the hon. member for Hull would care to give me the name of the contractor, I will have an investigation made and will find out just what was the matter in that case. I will promise not to tell on him if it turns out, as I suspect, that the contractor is about 150 per cent at fault.

Mr. Caron: I will ask him first.

Mr. Green: The hon. member for Beauce mentioned additional help in the rural areas. This matter, of course, is extremely important. We are prepared to make loans in rural areas and in small centres just as readily as in large centres. I may say that the policy is to be in a residual position. We deliberately try to keep out of the position of being the main lenders of mortgage money in Canada. The rule is that an applicant in a rural area must go to one prior lender asking for a loan. Then if he is refused he can come to Central Mortgage and Housing Corporation. In an urban area he must go to two lenders. Then if the application is rejected, he can come to Central Mortgage and Housing Corporation.

We would be prepared to have credit unions classified as approved lenders under

the act but I believe there are some restrictions of a provincial nature which make it impractical for a credit union to apply to be considered as an approved lender. We should be glad to have them included, but apparently it is not the wish of those concerned that this should be done.

Last year, as the hon. member will recall, the corporation brought out two sets of plans, one for a house costing about $8,000 and the other for a house costing about $5,000. Apparently I am wrong. It was the same plan but the house would cost $8,000 in an urban area and $5,000 in a rural area. Two additional sets of plans for similar houses or similar types of houses are now almost complete. There has been some distribution of the first plan. Not as many people have asked for it as we had hoped. It may be that in the rural areas and indeed in the smaller towns there is not the demand for new housing that we had expected. I think this factor enters into the picture, namely that there is not the same keen demand for new homes in those areas as there is in the rapidly growing metropolitan centres. However, we are prepared and delighted to make loans in rural areas and in the smaller towns.

Then the hon. member for Lincoln made several extremely helpful suggestions. Of course he has had a long experience in the building industry and speaks as an expert in that field. I am afraid that improving the hardware industry is a little bit beyond my scope, other than by getting more houses built and giving them a better market. In this regard they have done fairly well in the last year. I suppose there has never before been such a good market for household hardware in Canada.

Then he mentioned a land assembly plan. As hon. members know, this is a type of activity under the National Housing Act in which the municipality, the province and the federal government join in buying up land and servicing it. Then they sell it. Of course their expenses are recouped in that way. The procedure has been extremely helpful. The result has been that this serviced land is much cheaper than it otherwise would be. The results of this particular part of the housing policy have been extremely beneficial. There is no reason why that plan should not be adopted in many other centres apart from those that are already benefiting from it. We would certainly give favourable consideration to applications for any land assembly project.

The hon. member also mentioned low rental housing. This is one activity which has been somewhat neglected in the debate today. It was more or less overlooked when members were dealing with the need to help Canadians in the lower income group.

Mr. Benidickson: Oh, I put on my listening device and listened very carefully to the translation of the remarks made by the hon. member for Levis, and I thought that was the main point he made this morning—this question of the houses available for people in the lower income groups.

Mr. Green: I am talking about low rental houses as distinct from houses which are owned. There are several different ways in which low rental houses are being provided under the housing act. One is under the limited dividend plan which has been used very extensively in the course of the past year. About 7,000 units were built in 1958 under that plan. As hon. members know, funds are provided on very long terms—very easy terms—and the only people who can benefit are those in the lower third income group. If a man's income is above the lower third he cannot rent one of these limited dividend apartments. Then, in addition, there are federal-provincial housing schemes which provide for low rentals and here, too, there is an income ceiling and in some cases these units are subsidized by the government. I must confess that I always look carefully at subsidized rental schemes, because they mean some Canadians are having to subsidize other Canadians in the matter of living accommodation. There are cases where this is necessary, but I think this type of construction should be the exception rather than the rule, because when you get into the field of widespread subsidization of rented accommodation it seems to me there is a very thin line between the family that gets the accommodation and the benefit of the subsidy, and the family which has to pay for it. I think members of the committee will agree that the provision of this type of accommodation has to be considered very carefully.

The hon. member for Levis also mentioned research. I think credit is due to the national research council and also to the Central Mortgage and Housing Corporation for the research which has been carried on in the field of building. I can remember very well when the national research council began this activity. It was very badly needed and the results have been excellent. We shall, of course, continue to do all the research possible, and inquire into all the matters mentioned by the hon. member for Kootenay West, but hon. members would be wrong to think that nothing has been done up to this time. Research in this field is probably as far ahead as it is in any other field in Canada.

Mention has been made of the Veterans' Land Act. This, of course, is an act of great benefit to veterans and it was deliberately drawn so as to give them an advantage as part of the compensation due to them for the sacrifices they made for the country. But it would be another thing to extend all these benefits to the rest of the nation. I think it is difficult to compare housing under the Veterans' Land Act to housing under the National Housing Act.

Then there was some discussion about the high cost of building houses. Here, again, I agree that one of the difficulties is the high cost of building, but it is difficult for us to do much about that. Everything is costing more; all prices have increased, and wages have increased, and as the hon. member for Levis said, in his city—and I guess in most other cities—it would be difficult to build a house for less than $10,000. That is the general situation across Canada and I doubt whether it can be met under the National Housing Act or, for that matter, under any other act. We do not want to start putting ceilings on wages or setting controls on prices. We are living in a free enterprise economy and these are things which are not done in an economy of this type.

It has been suggested that interest rates should be lowered. It would be very desirable if the money could be put out without any interest at all having to be paid, but here again we have to face conditions as they are. If the interest rate is to be lower than the amount the government pays to get this capital, it means that some Canadians are paying for other Canadians, make no mistake about that. It means subsidization, and in the light of the going rate for the dominion government bonds I do not think the interest rate at 6 per cent under the National Housing Act is out of line. While, generally speaking, interest rates have been rising we have very carefully kept the rate under the housing act at 6 per cent. I am very pleased that this has been possible and I think we should get a little credit for keeping the rate at this figure. Under the conditions which now exist it would be very difficult to lower the rate.

Another factor which is sometimes overlooked when we talk about the cost of housing is that in practically every organized community in Canada there are very severe building restrictions; you just cannot walk into a centre and build a cheap house. In many cases the municipal authorities will not allow you to do so—you must have this improvement, and that improvement, and so on, and rightly so. I am not quarreling with that because the municipal authorities want to keep up their standards. The Central Mortgage and Housing Corporation is not anxious to break down standards. In fact, right from the beginning of the history of the corporation an attempt has been made, under both governments, to maintain the standards set by the municipalities. However, this fact of municipal regulation, town planning by-laws and so on must be taken into account when one is looking at this whole housing picture.

Some mention was made by the hon. member for Skeena of the fact that the government is now putting up a very much larger percentage of money for housing than had formerly been the case and if I followed his argument he appeared to be trying to prove that because of this fact the government should go further and pretty much do the whole thing and adopt entirely new standards. The government went into the home financing field to such a large extent in the last two years for one reason, to provide employment. This was done deliberately as the very best means of creating jobs. It was never intended to be a long range policy that the government would have to provide approximately 50 per cent of the mortgage money. It would be very difficult for the government to do this and I do not think many hon. members of this committee would wish to have the government stay in this field in such a large way.

As I said, we have been receiving excellent co-operation from the lending institutions. Last year they invested huge sums of money in housing and they propose to do the same this year. I believe that the general picture is very hopeful.

That, Mr. Chairman, is a very rough reply to the various suggestions made by hon. members. The bill of course will be introduced following the passing of this resolution and then there will be an opportunity to go into the amendments in detail. Once again I should like to thank the hon. members who have taken part in the debate for their very helpful and constructive suggestions.

Mr. Forgie: Mr. Chairman, before the minister takes his seat I should like to ask him one question. Would he care to comment on the difficulties being experienced by the plywood and veneer manufacturers in connection with their projects especially regarding the importation of competitive goods from other countries and particularly Japan.

Mr. Green: Here again, Mr. Chairman, the question is not really in my field. In administering the National Housing Act we are not in a position to do anything about that.

Mr. Forgie: It does enter the cost structure, though.

Mr. Green: I feel it is a question which really comes under the purview of the Department of Trade and Commerce.

Mr. Benidickson: Mr. Chairman, I should like to ask the minister one question. When I intervened a few moments ago he was referring to subsidized housing and low rental housing. I recall some years ago—and in fact I believe the minister was present too—a parliamentary group visited the Regent Park south development in Toronto in its early stages. I think it was one of the first developments of its kind in Canada. In listening to the minister this afternoon I received the impression that he was casting a chill on that type of development and I wonder if I misinterpreted him. Is this type of development not something that would have the minister's warm approval?

Mr. Green: The Regent Park south development is a very good one and there are more recent programs of this type proceeding in Toronto, Kingston, Halifax, Windsor, Vancouver and in other centres. There is also the Jeanne Mance project in Montreal. We are very glad to share in these redevelopment projects.

Perhaps I can best illustrate my point by saying that some months ago I found we were being asked to approve of projects under which people could stay in an apartment although they had an income of practically $6,000 a year. When it comes to subsidizing people with that much income you ask yourself a few questions. This is what I had in mind. I am not casting any reflection whatever on the merits of the Regent Park south project or other projects of that kind which are in effect slum clearance projects.

Mr. Benidickson: I was thinking in terms of slum clearance but these projects have ther values aside from the question of subsidization upon which the minister seemed to frown. They necessarily involve a transfer affecting those in the country who are most poorly off in the matter of housing which is an essential social development. I did not think the minister intended to convey the impression to which I referred.

Mr. Green: No.

Resolution reported and concurred in.

Mr. Green thereupon moved for leave to introduce Bill C-28, to amend the National Housing Act.

Motion agreed to and bill read the first time.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO INCREASE MAXIMUM EXPENDITURES TO THREE HUNDRED AND FIFTY MILLION DOLLARS

Hon. Howard C. Green (Minister of Public Works) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the aggregate of all expenditures under sections 4, 5 and 6 of the act may be increased to a maximum of three hundred and fifty million dollars.

Motion agreed to and the house went into committee, Mr. MacEwan in the chair.

Mr. Green: Mr. Chairman, this resolution is in very simple terms reading as it does:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the aggregate of all expenditures under sections 4, 5 and 6 of the act may be increased to a maximum of three hundred and fifty million dollars.

That maximum at present is $250 million so if this measure receives approval there will be an addition of $100 million. Today I should like to review briefly the legislation and agreements pursuant to the trans-Canada highway from 1949 up to the present time.

The Trans-Canada Highway Act, which became law on December 10, 1949, was enacted to encourage and to assist in the construction of a trans-Canada highway. It provided that the federal government may make contributions to a provincial government of 50 per cent of the construction costs of the highway over a seven-year period—this was the original act—which in effect, contemplated the completion date by December 9, 1956. It further provided that the federal government's share would not exceed $150 million. I repeat, $150 million. If the amendment we now bring forward is passed the figure would be $350 million. Subsequent to this enactment nine of the 10 provinces entered into agreements for participating in this project. Quebec has not signed an agreement to participate under this particular statute. That famous old province did not make any agreement under the original act and it has not participated either under the amendments of 1956.

During the first few years a fairly substantial trans-Canada highway construction program was put under way in most provinces. However, concurrent with this project, every province was faced with demands for reconstruction and new construction on all parts of their highway systems, which prevented them from pushing construction on the trans-Canada at a rate necessary to ensure completion by December, 1956. Further the project turned out to be much larger and more expensive than was originally estimated.

As it was apparent by 1955 that no province would complete its section by the specified date a federal-provincial highway

conference on provincial matters was held in Ottawa in November of that year. This conference was convened to discuss ways and means of accelerating the pace of work on the trans-Canada highway. As a result of this 1955 conference new legislation was introduced in parliament and on June 7, 1956, royal assent was given to a bill which amended the Trans-Canada Highway Act.

That bill provided the needed incentive for an accelerated construction program in that it provided that Canada contribute 90 per cent of the construction costs, rather than 50 per cent, on 10 per cent of the mileage within each province. This amendment also set the completion date forward to December 31, 1960, and increased the maximum limit which Canada would contribute from $150 million to $250 million.

I believe there was an interesting reason for this paying of 90 per cent of 10 per cent of the mileage within each province. The longest gap at that time was and still is in Ontario, along the north shore of lake Superior, and it worked out at about 10 per cent of the total mileage in that province. Therefore, shall we say, as a carrot to get that province to close that gap this new plan was worked out. The dominion would pay 90 per cent of the cost of 10 per cent of the total mileage. Since the federal government had done that for Ontario—by the way, there was a big gap in British Columbia and still another in Newfoundland as well—every other province had to get the same deal, so I suspect without exception they all picked out the most expensive 10 per cent highway construction in their provinces and they are getting 90 per cent of the cost of that particular 10 per cent.

Mr. Bourget: No one can blame them.

Mr. Green: No, I do not blame them a bit. New agreements were prepared based on the new act and the nine provinces who were signatories to the original agreements jointly signed them with the federal government. I might mention that these agreements specified that either the highway conform to the general specifications for the trans-Canada highway or else constitute a good standard of paved highway. Thus, where good sections of road existed, ones capable of carrying the present traffic, sound engineering practice dictated that they be left until their normal life was exhausted. However, where new construction or reconstruction was involved there would be no departure from trans-Canada highway specified standards.

From the time of this new act construction progress on the highway definitely accelerated. By March, 1956, or approximately six years after the original act, $225.8 million worth of work had been approved for construction. From March 31, 1956 to date, or approximately three years, an additional $236.5 million worth of work has been approved. In other words, during the past three years as much work was put under way as was done during the first six years of the original agreements. This is a very practical measure of acceleration on the project since the new act of June, 1956.

A large part of this accelerated work has gone into the gap sections which existed at that time. The major gap sections consisted of the Rogers pass route in British Columbia, the northern Ontario section from Marathon to Agawa, and the Newfoundland section from Port Blandford to Traytown. All of these sections are now under contract and they are all very expensive construction, by the way.

The gap along the north shore of lake Superior is very heavy rock work; it is very difficult for contractors to get in there and it is costing a great deal of money. The same, of course, is true of the Rogers pass in British Columbia, which is the pass that the Canadian Pacific railway used originally. They had so many snow slides and lost so much equipment and so many lives that they built the Connaught tunnel—I think it is under mount Macdonald—a five-mile tunnel, and abandoned their route through Rogers pass. The trans-Canada highway is going through that pass. The highway can go up and down and dodge the slide areas in a way that the railway could not do, and in addition they now have methods of setting off the snow slides by mortar fire. This is the method of getting the snow slides, or the avalanches started, shutting off the road in the meantime, getting the snow all down and then clearing the roads. That is the way it is supposed to work, anyhow.

Physical progress to date is generally satisfactory and during the next two construction seasons, which will bring us to the termination date of December 31, 1960, we expect to see a further acceleration in the construction rate. At the present time, out of a total of 4,470 miles in the nine participating provinces and through the national parks —this, of course, excludes the province of Quebec—3,090 miles of grading have been approved for construction with 2,781 miles completed and 2,196 miles of paving have been approved with 2,101 miles completed. In addition to the mileage paved to trans-Canada highway standards, there are approximately 950 miles of paved surface along the route which were constructed prior to the date of the act of December, 1949. This latter mileage is not necessarily to trans-Canada highway

standards and the reconstruction of any part of it will depend on provincial planning and their ability to finance reconstruction during the next few years.

The Saskatchewan section of the highway was completed in 1957, and an official opening was held during that year. I think credit must be given to the government of Saskatchewan for being the first province to accomplish this feat. Mind you, road building there was a good deal easier than in some other parts of the country. The highway in Alberta is all completed with the exception of about six miles through the city of Calgary. Outside the city the highway is completed. In Manitoba the same is true; it is all completed with the exception of a by-pass around Winnipeg. In Prince Edward Island it is all completed except one bridge.

The trans-Canada highway traverses five national parks, Terra Nova 26 miles, Banff 51 miles, Yoho 29 miles, Glacier 29 miles—that includes Rogers pass—and Revelstoke 8 miles, for a total of 143 miles through the parks. Through Banff and Yoho all stretches have been completed and a bituminous surface placed. Grading contracts have been awarded on the complete mileages through Revelstoke, Glacier and Terra Nova. Paving operations will commence on some sections in the national parks during the coming summer.

In summary, physical progress may be considered as follows: 69 per cent of the total mileage has been approved for grading, with 47 per cent paved to trans-Canada highway standards. Including the 950 miles of existing pavement, there is a paved surface on approximately 68 per cent of the total mileage. This latter figure must be considered in conjunction with an extensive mileage of graded highway which is now or will be ready for paving this coming summer and which, when completed, will provide a total of approximately 85 per cent of paved highway. This does not include any work that the provinces may put under way during the next two construction seasons.

At the time of the 1956 act when the maximum amount of federal contributions was increased from 150 million to $250 million, surveys and quantity estimates along the whole highway had not been completed, making it difficult to come up with a realistic estimate of total cost in order to determine Canada's share. Another factor was that in some provinces the easier work had been done first and the more difficult and more expensive remained. Examples of this include some of the sections in the Fraser canyon in British Columbia, the Rogers pass route, also in British Columbia, the Winnipeg by-pass and the Ottawa Queensway. To date, however, it seems fairly obvious that the $250 million will be insufficient to cover Canada's share.

A financial progress review will make this apparent. As I previously mentioned, by March, 1956 the total approved work in all provinces was $225.8 million with Canada's share estimated at $112.9 million. Payments by Canada, however—that means, of course, the federal government—amounted to only $81.6 million or an average of $13.6 million per year. In 1956-57 payments by Canada increased to $24.8 million and in 1957-58 to $49.3 million, bringing the total to $155.7 million. Provincial claims during the current fiscal year 1958-59 may exceed $50 million and with a similar amount in 1959-60 the funds now authorized under the act may be exhausted. Another point is that of the $462.3 million for approved work Canada's share is estimated at $277.5 million. This indicates that we are overcommitted at the present time by $27.5 million, although claims submitted and paid are still below the $250 million authorized by the present act.

From estimates furnished by the provinces it is now considered that the total federal contributions required by the termination date of the act will be in the order of $350 million. Accordingly, the bill to amend the Trans-Canada Highway Act proposes an increase from $250 million to $350 million in the amount which the federal government may contribute toward the cost of highway construction.

I sincerely believe that the various provincial governments will continue the excellent co-operation they have demonstrated in the past and schedule their construction programs to produce a maximum effort by the end of 1960. I have six tables here, Mr. Chairman. They are: (1) Length of highway by provinces; (2) grading construction, December 10, 1949, to January 31, 1959; (3) paving construction, December 10, 1949, to January 31, 1959; (4) structures, meaning bridges and so on, December 10, 1949, to January 31, 1959; (5) summary of contractual commitments, December 10, 1949, to February 14, 1959; (6) summary of Canada's commitments for additional 40 per cent contributions and payments made, December, 10, 1949, to January 24, 1959. I thought it might be of interest to hon. members if these tables were printed in *Hansard*. It will make it easier for them to follow the statement. If there is unanimous consent I should like to have that done.

The Acting Chairman (Mr. MacEwan): Is it agreed?

Some hon. Members: Agreed.

Mr. Green: The tables follow:

Table 1

Length of Highway by Provinces

	Miles
Newfoundland	554
Prince Edward Island	71
Nova Scotia	311
New Brunswick	390
Ontario	1,436
Manitoba	309
Saskatchewan	406
Alberta	282
British Columbia	568
National Parks	
Terra Nova	26
Banff-Yoho	80
Glacier-Revelstoke	37
Total	4,470

Table 2

Grading Construction

10 December, 1949 to 31 January, 1959

Province	Miles of grading contracts approved	Mileage completed
Newfoundland	366	277
Prince Edward Island	71	71
Nova Scotia	118	108
New Brunswick	158	148
Ontario	830	711
Manitoba	244	244
Saskatchewan	406	406
Alberta	278	278
British Columbia	476	433
National Parks		
Terra Nova	26	20
Banff-Yoho	80	80
Glacier-Revelstoke	37	5
Total	3,090	2,781

Table 3

Paving Construction

10 December, 1949 to 31 January, 1959

Province	Miles of paving contracts approved	Mileage completed
Newfoundland	51	34
Prince Edward Island	70	70
Nova Scotia	26	26
New Brunswick	96	94
Ontario	609	535
Manitoba	289	289
Saskatchewan	406	406
Alberta	278	276
British Columbia	291	291
National Parks		
Terra Nova	–	–
Banff-Yoho	80	80
Glacier-Revelstoke	-	-
Total	2,196	2,101

Note: In addition to the 2,101 miles of completed pavement, there are 950 miles of pavement completed prior to December, 1949, on the designated route. Reconstruction of this mileage will depend on provincial planning and ability to finance.

Table 4

Structures

10 December, 1949 to 31 January, 1959

Province	Structures approved	Structures completed
Newfoundland	36	33
Prince Edward Island	4	3
Nova Scotia	25	20
New Brunswick	22	13
Ontario	110	63
Manitoba	33	30
Saskatchewan	15	15
Alberta	36	36
British Columbia	74	54
National Parks		
Terra Nova	4	–
Banff-Yoho	24	23
Glacier-Revelstoke	8	–
Total	391	290

Table 5

Summary of Contractual Commitments 10 December, 1949 to 14 February, 1959

Province	Total commitment approved	Canada's share incl. additional 40%	Canada's share paid to date
Newfoundland	$ 30,735,179.80	$ 18,970,828.47	$ 12,706,044.48
P.E.I.	8,477,741.02	5,348,733.62	3,807,646.67
Nova Scotia	18,625,511.01	13,257,755.50	6,414,353.10
New Brunswick	38,437,147.28	26,696,957.00	20,820,251.89
Quebec			
Ontario	152,366,571.94	88,858,860.95	49,895,938.87
Manitoba	31,357,921.15	17,308,438.82	14,186,961.80
Saskatchewan	27,759,207.27	15,864,748.65	15,219,691.13
Alberta	35,487,930.14	20,832,455.47	18,989,110.32
British Columbia	119,032,618.69	70,403,347.54	50,320,157.73
Total	$462,279,828.30	$277,542,126.02	$192,360,155.99

Trans-Canada Highway Act

Table 6

Summary of Canada's commitments for additional 40 per cent contributions and payments made 10 December, 1949, to 24 January, 1959.

Province	Additional 40% commitments	Payments made
Newfoundland	$ 3,603,238.57	$ 1,156,633.12
P. E. Island	1,109,863.11	360,218.65
Nova Scotia	3,945,000.00	769,929.52
New Brunswick ..	7,465,843,36	4,039,018.72
Ontario	12,675,575.00	3,060,622.07
Manitoba	1,629,478.25	557,967.00
Saskatchewan	1,985,145.00	1,821,283.20
Alberta	3,088,490.40	2,151,184.35
British Columbia .	10,887,038.20	3,205,629.19
Total	$46,389,671.89	$17,122,485.82

This is a summary of the position at the present time with regard to the trans-Canada highway. I believe that the completion of the highway will be one of the most important feats in the history of our nation. Coming from the west coast, it has always shocked me that when one wanted to drive east to visit relatives or to see central and eastern Canada and the maritimes it was certainly advisable, if not necessary, to enter the United States at the nearest point, drive as far as possible through the United States and then come back into Canada. This has been going on for many years. In fact, a few months after I became Minister of Public Works one of the officials was sent to Banff to work on the trans-Canada highway and he was advised by the people in the department to cross into the United States at the nearest point, to drive through that country until he got south of Banff and then proceed north into Alberta. At that time the trans-Canada highway was completed across the three western provinces except for by-passes and was just as good as any of the main United States highways but the public works department was so far out of date that it advised its officials to drive through the United States.

I may add that we are not doing that any more. You can now get in a car at Vancouver and drive on pavement all the way to Marathon in Ontario. You may have to go into the United States for a few miles in southern British Columbia. Much of the travel in that province, of course, would be on a provincial highway but it would be a paved highway. The trans-Canada highway is a first-class paved highway today all the way from the western end of Yoho national park through Banff national park and then certainly right through as far as Kenora. I am sure it will be completely modernized from there to the Lakehead within the next few months or just as quickly as possible. One reason for that is that it is vitally essential that that highway should be completed in order to prevent Duluth stealing all the business that should go to the lakehead.

[Mr. Green.]

The trip around the north shore of lake Superior will be one of the most spectacular trips on the continent and because of the huge suspension bridge over the Mackinac straits which lead into lake Michigan I believe that hundreds of thousands of United States tourists will drive to Sault Ste. Marie and will then have the alternative of driving right around lake Superior or right around lake Huron. There will be a tremendous advantage to Canada in the tourist business, let alone what it will mean to have a first class paved highway from coast to coast. This is a very encouraging picture, and we believe the trans-Canada highway will be of immense benefit to the nation. This additional grant is required in order that the federal government may comply with its obligations under the new agreements with the nine provinces.

Mr. McWilliam: I am sure the committee thanks the minister for his statement and his review of the Trans-Canada Highway Act since it first came into force. He has told us what has been done in that regard up until now and what the intentions are for the future. This resolution, standing in the name of the Minister of Public Works, is designed to amend the Trans-Canada Highway Act to provide an increased grant. The resolution reads:

> That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the aggregate of all expenditures under sections 4, 5 and 6 of the act may be increased to a maximum of three hundred and fifty million dollars.

The minister said this would mean an increase of $100 million. The official report as of March 31, 1958 shows that payments to provincial governments up to that date amounted to $155,716,617.76. The grant in the main estimates of 1958-59 amounted to $45 million and the estimates for the present fiscal year, 1959-60, show $48 million. This will mean a total of $248,716,617.76.

It can be assumed that the chief, and probably the only purpose of this amendment mentioned in the resolution is to seek an increase of $100 million to bring the total grant up to $350 million. The 1957-58 report indicates that, with the exception of Newfoundland, the other eight participating provinces will complete their construction by December 31, 1960. Of course, it remains to be seen whether or not that happens. Several provinces, I am sure, are finding it very difficult to finance their share of the expenditure. Judging from past exprience since this act was first introduced into the house, this resolution and the bill based thereon will receive unanimous support from all parties.

The Conservatives, when in opposition, while supporting the bill in principle were critical of certain aspects of the project, particularly when the 1956 amendments were before the house. They expressed the view that the federal government's portion of the grant was too low. The Minister of Transport, when a private member in opposition—I see the genial gentleman smiling, so I think he knows what I am going to say—stated, as recorded in *Hansard* for 1956, pages 2954 and 2955:

> Why should it be that during five years of unprecedented boom we find that less than one-third of this highway has been completed?

Further down on the same page, he stated:

> I think that we in this parliament, particularly the government, must face up to the hard, cold fact that if this highway is to be built within the foreseeable future, the federal government must assume the financial responsibility for its construction and stop playing around with make-shift methods of trying to get it built.

Apparently the Minister of Transport has done nothing toward impressing the government with the views he expressed while he was in opposition. This government has done nothing to improve this alleged shortcoming about which the minister spoke when in opposition.

Let us see what the present Minister of Justice had to say in the 1956 debate when he was a private member. I quote from the record the minister's motion as found on page 2980 of *Hansard* for April 16, 1956:

> That, in the opinion of this house, (a) the requirements of national defence, as well as the need to serve existing and to promote further development of Canada's territory and resources dictate that there should be more than one east-west trans-Canada highway, as well as several main north-south highways to provide connection with routes in the United States—

The last part of the motion reads:

> And therefore the government should take into immediate consideration with the governments of the various provinces the advisability of enlarging the scope of the existing trans-Canada agreements so as to develop a system of national highways, both east-west and north-south, financed and maintained jointly by the dominion and the provinces on an acceptable and realistic basis.

The Minister of Justice, again when he was the private member for Kamloops, referred to the Hon. Mr. Winters, then minister of public works, as recorded at page 3109 of *Hansard* for April 19, 1956:

> —why does he not take the other course we urge him to take and say that the federal government should have the full responsibility for this highway—

These are the remarks made by members opposite when they were in the opposition, including many of the present cabinet ministers now sitting on the treasury benches, concerning greater financial assistance to the provinces for the completion of the trans-Canada highway, a second trans-Canada highway, as well as connecting highways from north and south as well as east and west. We may well ask, what happened to their former attitude once they became responsible for shaping the policies? Why are they not doing all these things they criticized the former government for not doing?

The Liberal policy on transportation, drafted in the 1958 annual convention, included the completion of the trans-Canada highway. The policy statement, found on page 39 of the report, reads:

> Assistance to the provinces and territories for developing roads to the north and consideration of a policy of a federal-provincial-municipal highway program aimed at providing a modern network of trunk highways.

The Liberal policy drafted at this convention endorsed special consideration for the Atlantic provinces, and that is found on pages 40 to 42 of the report. I quote:

> The Liberal party to help remove the economic disabilities of the Atlantic provinces, advocates special assistance in the provision of trunk highways in all four Atlantic provinces for heavy traffic to and from central Canada and the United States to promote trade and the tourist industry.

When the present Leader of the Opposition and leader of the Liberal party was asked about the scale of assistance contemplated in the Liberal party program to provide special assistance for the building of trunk highways in the Atlantic provinces he stated that what he had in mind was the assumption by the federal government of 90 per cent of the cost of completing the trans-Canada highway in the four Atlantic provinces, and the earliest possible discussion with the governments of those provinces about the routes of other key trunk highways. He also stated:

> In other provinces the federal government has been assisting with railway construction, but what is needed in the Atlantic provinces is modern highways.

Yes, Mr. Chairman, the Atlantic provinces are in dire need of more and better highways. They are vital to the future economy of these provinces. Without them expansion cannot be brought about.

The Liberal party policy of 1958 on transportation facilities for the Atlantic provinces is the answer to one of the Atlantic provinces' great problem. Much was heard about the need for a second trans-Canada highway from the Conservatives when they were in opposition. Many large sections of our country not being served by the present trans-Canada highway are in need of an adequate cross country route. An area which should be served by a second trans-Canada highway or an adequate cross country route is the area

of northeast and east New Brunswick from Campbellton to Moncton along highway No. 11. A resolution requesting that a second trans-Canada highway be built along this route was passed at a recent annual meeting of the municipal council of the county of Northumberland sitting in session at Newcastle, New Brunswick, I believe in the first week of February.

As hon. members know, the province of Quebec to date has not been participating in the trans-Canada highway project. When it does so, it is reasonable to assume that the Quebec provincial government will wish to have the all-Canada route go through the famous Matapedia valley which enters New Brunswick at Campbellton. This route would provide for a trans-Canada offshoot down the south shore of the Gaspe peninsula.

When provincial routes of the trans-Canada highway were designated, they were designated, as all hon. members know, by provincial authorities. New Brunswick decided to commence the route at the New Brunswick-Quebec border at Edmunston. At that time Quebec would not designate what route they would follow if and when they entered into the project. The New Brunswick route of the trans-Canada highway is from Edmunston on the northwest, down the western side of the province to Fredericton, proceeding in a southeasterly direction to Moncton and then on to the Nova Scotia border. The northeast and eastern sections of New Brunswick are not served by the present trans-Canada highway. This area is densely populated, with cities, towns and villages in the counties of Restigouche, Gloucester, Northumberland, Kent and Westmorland. Commercial, tourist and other traffic is heavy in lumbering, fishing, farming and mining areas.

Consideration should be given by this government to granting special financial assistance with regard to the construction of a connecting link from Campbellton down the east coast of New Brunswick to connect with the trans-Canada highway at Moncton.

Unemployment is unusually high in this section of New Brunswick and the prospects for 1959 and 1960 do not look good. The basic industries in the area—lumbering, fishing, farming and mining—are in a depressed state and indications do not point to a recovery in the near future. The construction of a connecting link with the trans-Canada highway from Campbellton to Moncton would relieve unemployment in a large measure and would be a boost to our economy while awaiting the upward trend of our basic industries.

This government should honour the pledge to assist transportation facilities of the Atlantic provinces as drafted at an assembly of all Conservative candidates of the four Atlantic provinces which was attended by the Minister of National Revenue, the Minister of Veterans Affairs, the Minister of Fisheries, as well as the cabinet representative of the province of Newfoundland. At that time they issued their seven point Atlantic resolution particularly on transportation which they expounded when they were on the hustings during the election campaign. These cabinet ministers and other elected Conservative members from the Atlantic provinces have the responsibility to see that the solemn promises contained in their seven point Atlantic resolution are carried out. The promise of transportation facilities was one of the promises in the resolution. The people of the Atlantic provinces will judge the sincerity of those promises by the action or lack of action of this government.

Mr. Howard: I assume that the hon. member for Northumberland-Miramichi and I have been reading the same books. Any time I am stuck for any research work on any particular project, I always find that the back issues of *Hansard* give us all sorts of information and guidance on the things that we propose to discuss. However, it is not my intention to remind the minister of the things he said when he was sitting over here on this side of the house. He is no doubt thoroughly familiar with them.

I might say that I have had the pleasure of listening to the minister of highways we have in the province of British Columbia discussing highways and also to the minister of highways that we have for Canada. May I say to the minister that he is no match for Mr. Gagliardi and cannot possibly compare with his verbal ability to build highways and bridges. I must say that I would rather listen to the kindly and friendly tones of the Minister of Public Works though.

An hon. Member: You do not get very far with either.

Mr. Howard: No, we do not get very far with either one of them, generally speaking. This resolution, while the contents announced in it are acceptable, is another indication of the government's taking a policy of the previous government and not altering it in any way but merely adding to it in terms of money for any particular type of project. For some ten years we in Canada have been watching closely and hopefully the progress made in the building of the cross country or trans-Canada highway, as it is known. For many years we thought there was to be nothing but hope and expectation that the highway might be built some day. However,

there are indications that we are moving in the direction of completion and that as is indicated in the report of proceedings under the Trans-Canada Highway Act for March 31, 1958, by the end of next year the highway will be completed with the exception of that section of it that is through Newfoundland.

I am going to suggest that it is not sufficient merely to make more money available as is being proposed in this resolution and to make the payments to the provinces on the same formula that has existed since 1949, with the slight amendment that was made to the formula in 1956, namely that we will contribute 50 per cent of the cost of building the highway plus an additional 40 per cent for 10 per cent of the route in each province. I believe that formula should be reviewed and altered. It assumes a number of things, not the least of which is that road building conditions, road building costs, economic factors, mileage and all the other related matters in connection with highway building are equal as between one province and another. We know that is not so. We know that these conditions are not equal throughout Canada, but that in many cases vary on all aspects of the factors that go into building and into the cost of building highways.

It also, to a degree, penalizes the provinces which are able for one reason or another to work more quickly than others and complete their sections of the highway. It places a heavy financial burden generally on all the provinces participating in this type of program. I suggest that we should alter, change and review the present formula using, if you wish, as a base the present 50-50 arrangement plus an additional 40 per cent of 10 per cent of the cost of the highway and then computing an additional grant based on the mileage distance in each province.

To give hon. members an idea of the situation I would refer them to page 4 of the report of proceedings under the Trans-Canada Highway Act dated March 31 of last year where mileages in the different provinces are given. We find, for instance, that Ontario has a total mileage of 1,436 while Prince Edward Island has only 71. We find that Ontario has two and a half times the mileage of the province with the next largest number of miles to construct. In my opinion we should take into account, in determining additional payments, the difference in the mileage which exists between provinces, and attempt to ensure that in addition to the basic arrangement of 50-50 plus 40 per cent of 10 per cent Ontario should receive more money in terms of grants because of the much greater mileage which has to be built in that province compared with Prince Edward Island. I use those examples because the one province has the longest mileage and the other the shortest.

In addition, other factors should also be taken into account and payments made to provinces should depend on their road building costs. Let us compare, for example, the two most westerly provinces of British Columbia and Alberta. I take these as examples because they are close together. In British Columbia we have, as the minister knows, a number of what we classify as million-dollar miles, that is to say it costs $1 million to build one mile of highway to trans-Canada standards. This is the general figure that is used; I may be out by a few dollars one way or another. But I am sure that in Alberta road building costs are not nearly as high per mile as they are in certain sections of British Columbia. Certainly, the same can be said of Saskatchewan. The minister himself remarked that costs in Saskatchewan may be relatively small as compared with the cost of some sections through British Columbia. The minister also mentioned the Newfoundland section where road building costs are higher proportionately than in other parts of the nation. This factor should be taken into consideration, because it is evident from a study of the financing involved that the cost in certain sections of Canada can be much greater than in Saskatchewan, Manitoba, or other provinces where the cost per mile of highway construction is relatively small.

Another factor which must be taken into consideration and used in developing a formula for payment is the economic ability of a province to pay its share of the cost. One of the assumptions behind this 50-50, 40 per cent of 10 per cent formula—and it is an incorrect and false assumption—is that the ability of one province to pay is as great as that of any other province in the nation. We know this is not the case and that all provinces are not equally able to bear their share of the cost.

Let us take two provinces which have comparable mileages to build and in which economic conditions are different. I choose New Brunswick and Alberta. New Brunswick has 390 miles compared with Alberta's 282; it has more miles to build and certainly it is a province which is less rich than Alberta and less able to pay its 50 per cent of the cost of the program. Some consideration should be given to ensure that additional payments are made to, say, the province of New Brunswick and the province of Newfoundland because of the economic differences.

For instance, we have Newfoundland and British Columbia at opposite ends of the nation, each with about the same number

of miles to build, some 550 miles in each case, or maybe a little more in British Columbia than in Newfoundland. Certainly I think it can be said without contradiction that the per capita income in British Columbia is far greater than that of Newfoundland and that the British Columbia budget is far greater than that of Newfoundland, and that British Columbia's ability to pay the cost of road building under this type of program is generally better than that of the province of Newfoundland. This is a factor which should be taken into account in developing a more equitable formula for sharing road building costs throughout the nation on projects of this kind.

So much for the financing. I have not developed any specific type of formula. That is something which I am sure could be worked out by the departmental officials without too much difficulty if the minister would in his kindly way, especially since he has now returned from a visit back home where he has looked at the crocuses and daffodils, just say to them: the hon. member for Skeena has what seems to be a good suggestion; just look into it.

Mr. Green: May I ask the member a question? Does he really think that this would be wise in view of the fact that the agreements are about to expire and that some provinces have already completed the work.

Mr. Howard: I am glad the minister raised that point. He must be psychic or reading my mind because I was about to deal with another aspect of road building to which a formula of this kind could be applied more readily than by any attempt to make it retroactive, especially since, as the minister has said, some provinces have already completed the work—Alberta has only six miles in the city of Calgary to go, Prince Edward Island has one mile to build which will be completed shortly, and so on. If this type of contract were to be applied from here on I do not think it would be objected to by those provinces which have completed or will be completing their sections of roads. It could more readily be applied to programs in the future.

We should not confine our thoughts as in the years past to the understanding that road building falls entirely within the hands of the provinces. We moved away from that thought in 1949 when the Trans-Canada Highway Act was enacted by parliament. Parliament then decided that at least in these circumstances the building of this particular road was a project for which the federal government should have a certain responsibility. We have moved in that direction and I feel it is time we went a little further in realizing there is a greater responsibility devolving on the federal government for participation in the cost of road building programs in the provinces.

There is also the question of additional so-called trans-Canada highways, if they can be designated in that fashion. The hon. member for Northumberland-Miramichi mentioned a second trans-Canada highway running through a portion of New Brunswick. We in the west have had in mind for a number of years the construction of a road which we have referred to as a second trans-Canada highway. We know in effect it will not completely traverse Canada but it has come to be known by this name as is the case in the maritimes.

The federal government should become involved in assisting financially in the construction of additional cross country or interprovincial highways. It is not too early to begin to lay the legislative and administrative groundwork for participation with the provinces in this type of project on a broader basis involving increased financial contribution on the part of the federal government. There are other types of roads including north-south roads, roads leading to the United States, Alaska and the Northwest Territories in the cost of which the federal government should be prepared to participate. It should accept greater responsibility in sharing the cost of interprovincial and international roads.

We have in existence at this time a roads to resources program which is being developed under another department of government entirely with respect to financing yet I understand the engineering and technical part of it is being handled by the trans-Canada highway branch of the Department of Public Works. As we expand our program of participation in the construction of roads we should consolidate the programs in one group so there will be a general knowledge of what the left hand and the right hand are doing.

There is also a need for the federal government to move into the field of assistance to municipalities for the construction of inter-urban roads and projects of that nature. I suggest that we may be guided to a certain extent by the attitude in the United States. I understand that if it was not the Minister of Public Works it was one of his colleagues who made a rather extensive study of the extent to which the federal government of the United States participates in road building programs which goes back to about 1912 when that government began to participate in cross country roads, interstate highways, state, county, school and farm roads and practically every other type of road. The government there participates in the cost of nearly every

kind of road or highway. We could move in that direction without too much difficulty and we should attempt to ensure that our roads are built on a co-ordinated, integrated and planned basis with the federal government accepting the responsibility of financial participation.

I should like to make reference to a subject on which the minister was reluctant to give detailed information as to what the plans were but I believe he intimated what they were and I was able to reach certain conclusions. I refer to what we classify as a second trans-Canada highway in the west which is pretty well confined to the four western provinces. In referring to this project as a second trans-Canada highway I do not wish to detract from the suggestion of hon. gentlemen from the maritimes. I merely used the phrase because it is the term which has grown up in the west with reference to this road.

In answer to a question asked by the hon. member for Assiniboia as reported at page 898 of *Hansard* of February 10, the minister was kind enough to give us certain information. I should like to make reference to the figures he used as they apply to the four western provinces to indicate that we are on the verge of being in a position to participate in the construction of a second cross country, interprovincial highway in the four western provinces. We find that British Columbia has 210 miles to be completed in the province which represents 37 per cent of the route. Alberta has 6 miles to complete which represents about 2 per cent of the route. Saskatchewan has completed its section of the highway and Manitoba has 16 miles to complete which represents 5 per cent of the route. Excluding British Columbia we find that the highway is practically completed through the three prairie provinces. This indicates that there is less than 15 per cent of that road to be completed.

The attitude of British Columbia has been made known to the previous government and I do not doubt that it has been made known to this government. British Columbia is willing to accept some form of federal contribution toward highway building costs for this second trans-Canada highway. I shall relate in a moment the route we envisage. A great proportion of it runs through the riding I represent. We had the pleasure of a visit to Skeena from the Minister of Public Works—

Mr. Green: It did not do me much good.

Mr. Howard: I am sorry that the minister was so busy that he could not stay and take a ride over the roads there to see the shape they are in so he would realize the need that exists for participation by the federal government in the cost of the construction of roads. Did I understand the minister to say that his visit did not do much good?

Mr. Green: It was not very effective. I was on a political trip.

Mr. Howard: I would say that the minister's trip was most effective because that was one of the reasons why we got such a large majority and we would like him to come back again.

The route planned as far as northern British Columbia is concerned is this. It should reflect the agreement that exists at this time with respect to the first trans-Canada highway, namely that it crosses a body of water and goes to Vancouver island. The same principle should apply in the north central coastal part of British Columbia in that the road should extend to the Queen Charlotte islands. That should be included in the arrangements I know the minister is on the verge of entering into with the province with respect to financing. The route should run along the present provincial road that is on the Queen Charlotte islands from Queen Charlotte city through Port Clements to Massett. Then it should extend along highway 16 through Prince Rupert, Terrace, Hazelton, Smithers, Burns Lake—to name but a few of the larger communities in that area—and on to Prince George. When we get to Prince George we have to either go a number of miles out of our way north through Fort St. John or we have to go many hundreds of miles south to get to Alberta. There is a gap of some 100 miles between Prince George and a place called McBride where there is no highway at the present time. The C.N.R. goes through but there is no road. This should be included in the route so people who live in northern British Columbia or Alberta may travel in a direct line without having to go out of their way hundreds of miles to reach their destination.

In northern Alberta the people from Edmonton are also quite interested in this road and so are the people in northern Saskatchewan and Manitoba. The route is there; it is laid out. There are roads there now. This government should expand the policy it has toward the present trans-Canada highway. Additional payments should be made on some sort of formula, reflecting an expansion of highway policy and payments should be made to cover this suggested route. Whether it is called a second trans-Canada or an inter-provincial highway is immaterial. This philosophy should be undertaken and in as much as within the next couple of years the trans-Canada highway will be pretty much completed it is time now to start negotiating with the provinces or give an assurance to the provinces of the west

that the federal government is prepared to enter into financial arrangements with respect to the building of other highways along the lines that I have suggested.

If the minister takes the opportunity to speak again I hope he will give us a fairly complete understanding of his acceptance of the things I have suggested so that we in British Columbia may realize that it is not the Hon. Mr. Gaglardi who builds all our roads but that the Minister of Public Works also has some say in the highways in British Columbia and also pays something toward their cost.

Mr. Granger: Mr. Chairman, for my part the Minister of Public Works could not ask for money for a more worthy purpose than the trans-Canada highway, provided of course that I can make some suggestions regarding its disposition. Speaking generally, I would say that nothing is really more important to the Canada of today than transportation and perhaps nothing is more important to the Canada of the future than the plans we make today for future policy regarding transportation. Teachers, doctors, clergymen, and all the others who are serving mankind need roads in order to service their charges. I do not mean to say that road building is more important than education or health for instance but I do say that the success of almost any program for human betterment is gauged by the adequacy of available transportation. And no means of transportation is so valuable or so important as roads. No means of transportation is so personal. Roads not only tie the nation together but they tie families together.

The modern highway has speeded civilization in a way that no other means in history has. The trans-Canada highway is an expression of Canada's belief in national transportation. Originally the plan was for the federal government to share in 50 per cent of the cost, and later it was agreed that 90 per cent of 10 per cent would he paid by the federal government for what is termed gap building.

I want to speak particularly of the needs of the trans-Canada highway in Newfoundland, and in order to do that, to place Newfoundland in its proper perspective I would ask for the indulgence of the committee while I recite a little bit of the history of road building in Newfoundland and where Newfoundland fits in today in this present scheme. I would begin by comparing the roads in Newfoundland with those in the Atlantic provinces. Nova Scotia has approximately 15,000 miles of motorable roads; New Brunswick, 13,000; and Prince Edward Island, 3,200. Newfoundland, which is much larger than Prince Edward Island, has 3,500 miles.

The reason why Newfoundland lags so far behind the maritimes is largely owing to its history, partly to economics and partly to the fact that Newfoundland was settled by people who were interested only in the fisheries. They settled in hundreds of settlements around the 6,000 miles of Newfoundland's coast line. The sea was not only their farmland, the place from which they got their harvest, but the sea was their highway. They built their houses as close to it as possible and seldom did they turn their eyes away from the sea to look inland. For generations it remained the same and very little road building was done. Actually, I believe the first road was built in Newfoundland in 1832, and it was built from St. John's to Portugal Cove, followed shortly afterwards by a road to Harbour Grace and later from Holyrood to Placentia. Gradually the Avalon peninsula began to get a system of roads. That was about all, with the exception of perhaps roads such as existed between Bonavista and Catalina, which connected a large and important fishing area with a seaport. But apart from those roads of an entirely local character there was no road building in Newfoundland until the 1920's, and then people began to get road conscious. The sea was no longer fast enough or dependable enough. The motor car was arriving and an effort was made to link up settlements, sometimes by short-cuts between coves, but generally speaking a road program developed during that decade. This was brought to a halt by the economic collapse around the end of the 1920's, or certainly by the early 1930's. The commission government did build some good highways but they did not catch up with the progress which had been made in the maritime provinces.

Our biggest road building program has taken place since confederation and from 1949 to 1957 Newfoundland constructed 1,100 miles of new roads and rebuilt 500 miles of old roads. But increasingly heavy traffic tore apart the gravel roads faster than they could be built and just last year the new minister of highways, the Hon. Gregory I. Power, instituted the team system of mechanized maintenance and that has proved to be very successful. Actually, 3,100 miles of road were reconditioned and 300 miles were rebuilt. All this has meant the spending of millions of dollars on equipment, personnel and so forth. Seventy miles of road were paved last year with a much larger paving program set down for this year.

If you look at the map of Newfoundland you will notice that the island has many long peninsulas and deep bays. The coast line is

long and very indented. Isolation has always been the curse of the Newfoundland people. The new road program is designed to break that. Roads have been built on the Bonavista and Burin peninsulas and the Baie Verte peninsula and well down the Great Northern peninsula and other areas. Perhaps the most spectacular evidence of how much progress has been made was when the premier of Newfoundland and the minister of highways made a motor trip across Newfoundland last November without the benefit of ferry. But much remains to be done. The cost of what has been done is staggering in a province such as Newfoundland which has a great deal of roads to build and a small population to find the money. Perhaps what I have said and the importance of roads other than the trans-Canada highway and the necessity of bringing the remote parts of Newfoundland together show that from the provincial point of view and certainly, from a parochial point of view, the trans-Canada highway may not be the most important road, judged by the growing needs of settlements to be linked by roads to hospitals, seaports and centres of population.

I come now to the trans-Canada highway and I would like to quote briefly from a speech made by the minister of highways to Rotary in St. John's last month:

> According to survey, the total length of the highway from Port aux Basques to St. John's will be 568 miles. Twenty-five miles of this is through the national park, and is all a federal responsibility. This leaves a distance of 542 miles to be constructed by the province of Newfoundland. Of this 542 miles, 256 miles have been built and made ready for paving, 35 miles have already been paved, 286 miles remain to be built and 508 miles remain to be paved. The estimated cost of completing the highway is as follows: the construction of 286 miles, $31,500,000; the paving of 508 miles, $22,600,000; the building of 34 bridges, $4,223,000, making a grand total of $58,225,000. Under the present agreement with the federal government we will have to find $28,112,000 of this amount. Actually, Newfoundland has to build more miles of trans-Canada per capita than any other province and, when the present agreement expires in 1960 we feel, as do other provinces, that a more realistic division of costs should be agreed upon; otherwise, the trans-Canada highway, from St. John's to Vancouver, will not be completed for perhaps another ten years.

I have mentioned the heavy load that the province is carrying now in a heavy and necessary program of building roads to isolated places and distant communities. I was with Premier Smallwood when he officially opened the road to Ladle Cove, linking the north side of Bonavista bay with the trans-Canada highway. The warm appreciation and enthusiasm of the people affected was rewarding and indicative of what still must be done. Yet we are faced with these facts as far as the trans-Canada highway is concerned:

1. The number of miles of paved road in Newfoundland is very low compared with the mileage in Nova Scotia, New Brunswick and Prince Edward Island.

2. The miles of motorable non-paved roads in Newfoundland are also very low compared with the other Atlantic provinces.

3. The cost of building the roads in Newfoundland up to maritime standards generally is staggering.

4. Newfoundland has more miles of trans-Canada highway to build per capita than any other province.

5. The per capita income in Newfoundland is lower than in any other province.

6. Some of the other provinces have finished or almost finished their parts of the trans-Canada highway.

7. These provinces have had 70 or 80 years of the benefits of confederation, which have included federal assistance in many spheres. We in Newfoundland have only enjoyed these benefits for the past ten years.

If Newfoundland does not have an adequate road system its economy will never be developed. Bearing these facts in mind, I can only express the hope that the federal government will shoulder a greater part of the cost of building the trans-Canada highway in Newfoundland, and in that regard perhaps I might suggest 90 per cent of the amount of road yet to be built.

Mr. Winch: Mr. Chairman, I do not intend to take more than a few moments but there is one aspect of the trans-Canada highway with regard to which I would appreciate hearing from the Minister of Public Works. I refer to the city of Vancouver and its relationship to the trans-Canada highway under federal government policy. Knowing the city so well, the minister is familiar with the circumstances so far as access to the city is concerned. The city is almost completely surrounded by water, either by the strait of Juan de Fuca, the Fraser river, Burrard inlet or the Pitt river. You have to cross a body of water to get to the city of Vancouver.

For all practical purposes the city is the terminus of the trans-Canada highway on the mainland of the province of British Columbia. That being the case, the minister must recognize very clearly that it is absolutely inadequate to have only one trans-Canada highway entrance into the city of Vancouver. It is absolutely essential to have more than one bridge and more than one road classified as "trans-Canada highway" as far as the city of Vancouver is concerned.

I would appreciate it very much if the minister would explain the viewpoint of the department with regard to paying a part of

the construction cost of the major highway bridges that are required in order to be able to get in and out of that great city.

Mr. Green: If I may interrupt the hon. member for a moment, the route of the trans-Canada highway is designated by the provincial government, and in the case of British Columbia that province designated a route which more or less cuts across the northeastern corner of Vancouver in order to get to the new Second Narrows bridge. We do not designate the route at all. The provincial government does that.

Mr. Winch: I know that is what was decided at one time but my hon. friend knows the situation in Vancouver at the present time with regard to getting in and out of the city. The traffic cannot be handled just over the Pattullo bridge. There has got to be another bridge and I understand that is now in the process of planning. It is ridiculous at the present time to speak in terms of four-lane bridges. They must be at least six-lane bridges. So far as the cities of Vancouver and New Westminster are concerned it would be completely stupid to think about four-lane bridges over the Second Narrows or the Fraser river.

I should like to know what part the federal government can play under the trans-Canada highway program by way of making a financial contribution toward the construction of six-lane bridges, not four-lane bridges. I have noticed in the newspapers on more than one occasion that contributions would only be made on the basis of four-lane bridges, and I think that is completely wrong. The minister knows that it is impossible to handle the traffic going from Vancouver to the interior of the province or elsewhere in Canada on the Pattullo bridge. If people wish to go south, to the interior of the province or north they have to cross the Fraser river and I maintain that because traffic must all cross the Fraser river it should all come under the trans-Canada highway program and the most earnest consideration should be given under the program to making use of other roads that will lead to the trans-Canada highway, whether people are going south, north or to the interior of the province. All the millions that have been spent already on the Marpole bridge, on the Deas island tunnel, the new Second Narrows bridge and that will have to be spent on the new bridge that will cross around Port Moody, I believe—

Mr. Green: Port Mann.

Mr. Winch: Port Mann—have to be spent because of the geographical location of Vancouver. All these major bridges have one purpose, egress and ingress so far as Vancouver is concerned and should be considered as being basically on the main route and part and parcel of the trans-Canada highway. There should be a federal contribution toward the building of all these bridges and the roads leading thereto.

Mr. Green: Does the hon. member suggest that the federal government should be responsible for all ingress and egress to and from every city in Canada that happens to be on or near the trans-Canada highway?

Mr. Winch: I am certain that my hon. friend, with his knowledge of Vancouver, knows that its geographical location is peculiar and that as the terminus of the trans-Canada highway it is in a different position from a city on the prairies, for example, which can be by-passed by a road and which is not surrounded by water, be it an inlet, river or ocean, as is the city of Vancouver. I think it is this peculiar and particular situation which most certainly merits every consideration from the minister of the type of assistance I have been suggesting.

Mr. Lambert: I should like to add my support, in a few brief words, to those who have been advocating a second trans-Canada highway in western Canada. I spoke about this in 1957 as did the hon. member for Jasper-Edson and several others. I would commend this to the attention of the minister for immediate consideration, and I do not believe he should wait until the whole of the trans-Canada highway is built before entering into negotiations with the provinces with respect to this particular section of the highway.

There has been recently held in Edmonton the annual meeting of the Yellowhead route association, and I would commend its proceedings to the attention of the minister. I know that the people who live in the northern part of Alberta, where the big bulk of the population of that province is now located, find it extraordinarily difficult to understand why they must go through the southern part of the province or even the United States, at present, to reach Vancouver. I know the Minister of Public Works would like to see people from northern Alberta out in Vancouver, and we would like to go there. Frankly, we must travel about 1,100 miles at the present time, but if we had a more direct route through Jasper national park and connecting with the highway system of British Columbia the distance would be much shorter.

Most of the highway system in Alberta is almost up to trans-Canada standards at the

present time. I would most earnestly commend a second highway to the minister's attention, especially from the defence point of view. From a commercial viewpoint, it would mean a great deal to the northern part of Saskatchewan and Alberta if we could have a direct highway connection, and as I have already pointed out the advantages from the tourist point of view I need not repeat them.

Mr. Badanai: Mr. Chairman, I wish to begin my remarks by saying that the question of the trans-Canada highway is of vital importance to the cities of Fort William and Port Arthur. I wish, therefore, to commend the government for the introduction of this resolution which calls for an increase in the expenditures for the purpose of improving existing portions of the trans-Canada highway and completing others. We, at the lakehead, are much concerned over the activities in connection with the development of the seaway port of Duluth in Minnesota. The Minister of Public Works had this to say on January 29, 1959 as recorded at page 512 of *Hansard*:

> I wish to refer also to these famous old cities of Fort William and Port Arthur at the Canadian lakehead. They are greatly worried at this time. They see the St. Lawrence seaway being developed and they read in the Duluth *News-Tribune* of January 11 that a group of Canadians, if you please from Winnipeg are proposing to build a big port development at Duluth, Minnesota, for this purpose, and I quote from this article: "Freeman"—
>
> Mr. Freeman is the Winnipeg promoter of this scheme.
>
> —"is reported to have in mind making Duluth the port for the rapidly developing western Canadian provinces as well as the midwestern and western parts of the United States."

This is not the whole story. I wish to quote from an article in the same paper to which the minister referred:

> The authority (that is, the authority of the port of Duluth) also expects Duluth to benefit through trade in Canada and Alaska. The distance from Fairbanks, Alaska, to Rotterdam, for example, is 3,200 miles shorter through Duluth than through the Panama canal. The Alcan highway would become the route for overland traffic between this port and Alaska.

In addition to this huge development, it has been reported that a four-lane highway is being considered from Duluth to Winnipeg. This highway, Mr. Chairman, would undoubtedly attract business away from the lakehead ports on which the government, as stated by the Minister of Public Works, will spend $5.5 million. It has been estimated that as soon as the seaway is completed the number of motor transports expected to carry freight to the prairie provinces will reach a daily total of between 50 and 100. The present highway west of the lakehead to Winnipeg is in such poor condition that I am sure it could never sustain such traffic. The only solution appears to be a four-lane highway between the lakehead and Winnipeg.

As far back as 1956 the hon. member for Victoria had this to say with regard to the necessity of building a four-lane trans-Canada highway, and I quote from *Hansard* for March 22, 1956, page 2523:

> But this is a national road and it should be built, not 10 per cent of the gap but all the gap, by this federal government at least to the extent of 90 per cent.

Then farther down he says:

> This road should be built to a minimum width of 30 feet, and where the traffic is heavy it should be at least a four-lane highway.

This is the point we are stressing so far as the lakehead is concerned, the necessity of a four-lane highway to carry the heavy traffic which we expect as a result of the construction of the St. Lawrence seaway.

Now, the present Minister of Justice blasted the then government in the following words—

The Chairman: Order. It being five o'clock the house will proceed to the consideration of public and private bills.

Progress reported.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

The house resumed, from Tuesday, February 17, consideration of the motion of Mr. McCleave for the second reading of the following bills:

Bill SD-19, for the relief of Ruth Georgina Potts Dobie.

Bill SD-20, for the relief of Patricia Burnell Fraser Rosensweig.

Mr. Deputy Speaker: I must advise the house that if the hon. member speaks now, he will close the debate.

Mr. R. J. McCleave (Halifax): Mr. Speaker, these two bills have been before the house on two separate occasions in the past week and I do not propose to take more than a minute or two to dispose of the points that have been made by the hon. members who have preceded me in this debate, including particularly the hon. member for Edmonton West (Mr. Lambert) and the hon. member for Athabasca (Mr. Bigg). In discussing the evidence they brought forward some points which, if accepted by this hon. house, would in effect probably force hon. members to vote against both of these bills.

I could go into a discussion of the evidence in order to meet the arguments they have advanced. However, I do not propose to do so today. I think that we have perhaps had

sufficient debate on divorce for the moment and that it would be pleasant to get on to other matters. I am going to appeal to the sense of fair play of the house, ask hon. members that they pass these bills and give us an opportunity to consider them in committee where we can go into the questions of fact and the points raised by the hon. members.

In this connection I should like to refer to Beauchesne's *Parliamentary Rules and Forms*, 4th edition at page 351, paragraph 482:

482. The second reading of a private bill corresponds with the same stage in other bills, and in agreeing to it the house affirms the general principle, or expediency, of the measure. There is, however, a distinction between the second reading of a public and of a private bill, which should not be overlooked. A public bill being founded on reasons of state policy, the house, in agreeing to its second reading, accepts and affirms those reasons; but the expediency of a private bill, being mainly founded upon allegations of fact, which have not yet been proved, the house, in agreeing to its second reading, affirms the principle of the bill, conditionally, and subject to the proof of such allegations before the committee.

With this point in mind, Mr. Speaker, I again make an appeal to the sense of fair play of the house and ask hon. members to pass these two bills which have been disputed here, and to let us in the committee deal with the facts or the allegations and the arguments on the facts that have been brought out by the hon. member for Edmonton West and the hon. member for Athabasca.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to and bills read the second time.

SECOND READINGS—SENATE BILLS

Bill SD-23, an act for the relief of Jeanne d'Arc Gravelle Senecal.—Mr. McCleave.

Bill SD-24, an act for the relief of Barbara Mary Scott Norman.—Mr. McCleave.

Bill SD-25, an act for the relief of Alice Schleicher Dorotich.—Mr. McCleave.

Bill SD-26, an act for the relief of Mary Jane Holmes Phillips.—Mr. McCleave.

Bill SD-27, an act for the relief of Barbara Lorrain Champbell Clarke.—Mr. McCleave.

Bill SD-28, an act for the relief of Helen Margaret Davidson Beckett.—Mr. McCleave.

Bill SD-29, an act for the relief of Ruth Dankner Liberman.—Mr. McCleave.

Bill SD-30, an act for the relief of Norma Mary Rose Purchard Clarkin.—Mr. McCleave.

Bill SD-31, an act for the relief of Eva Greenblatt Besner.—Mr. McCleave.

Bill SD-32, An Act for the relief of Ruth Millstein Backman.—Mr. McCleave.

Bill SD-33, An Act for the relief of Percy Kark Claxton.—Mr. McCleave.

Bill SD-34, An Act for the relief of Marion Beulah Francis Meehan.—Mr. McCleave.

Bill SD-35, An Act for the relief of Nina Olga Titow Dorion.—Mr. McCleave.

Bill SD-36, An Act for the relief of Sylvia Florence Van Straten Weber.—Mr. McCleave.

Bill SD-37, An Act for the relief of Joseph Fernand Roger Boucher.—Mr. McCleave.

Bill SD-38, An Act for the relief of Jacqueline Shirley Mary Parnell Gardner.—Mr. McCleave.

Bill SD-39, An Act for the relief of Esther Daisy Moynan O'Regan.—Mr. McCleave.

Bill SD-40, An Act for the relief of Susan Pick Bereznik.—Mr. McCleave.

Bill SD-41, An Act for the relief of Josephine Zauberman Schiller.—Mr. McCleave.

Bill SD-42, An Act for the relief of Hanna Liselotte Gertrud Tiegs Kallus.—Mr. McCleave.

Bill SD-43, An Act for the relief of Dorothy Louisa Stradwick Coffin.—Mr. McCleave.

Bill SD-44, An Act for the relief of Marc Aurele Bourget.—Mr. McCleave.

Bill SD-45, An Act for the relief of Marie Yolanda Marotta Henshaw.—Mr. McCleave.

Bill SD-46, An Act for the relief of Bernice Sylvia Sinclair Somerville.—Mr. McCleave.

Bill SD-47, An Act for the relief of Judith Ortenberg Baxt King.—Mr. McCleave.

Bill SD-48, An Act for the relief of Yaroslavna Zonia Lazarowich Johnson.—Mr. McCleave.

Bill SD-49, An Act for the relief of Gertrude Scharge Izenberg.—Mr. McCleave.

Bill SD-50, An Act for the relief of Joseph Moreau.—Mr. McCleave.

Bill SD-51, An Act for the relief of Sydney Hislop, otherwise known as Sidney Hislop.—Mr. McCleave.

Bill SD-52, An Act for the relief of Lenoir Grace Spencer Jennings.—Mr. McCleave.

Bill SD-53, An Act for the relief of Olive Florence Andrews Bowness.—Mr. McCleave.

Bill SD-54, An Act for the relief of Pearl Severs Schrieder.—Mr. McCleave.

Bill SD-55, An Act for the relief of Vivien Joyce Taylor Ross.—Mr. McCleave.

Bill SD-56, An Act for the relief of Jacqueline Jeanne Lamy Harper.—Mr. McCleave.

Bill SD-57, An Act for the relief of Kathleen Iris Daunt Robinson.—Mr. McCleave.

Bill SD-58, An Act for the relief of Jacques Flahault.—Mr. McCleave.

Bill SD-59, An Act for the relief of Gladys Allen Marvin.—Mr. McCleave.

Bill SD-60, An Act for the relief of Miriam Keppel Segal.—Mr. McCleave.

Bill SD-61, An Act for the relief of Ronald Ernest Fyfe.—Mr. McCleave.

Bill SD-62, An Act for the relief of Elsie Elizabeth Wand Bourret.—Mr. McCleave.

Bill SD-63, An Act for the relief of Margaret Sonia Lawrence Canny.—Mr. McCleave.

Bill SD-64, An Act for the relief of Andree Pauline Dorothy Pryce Clarke.—Mr. McCleave.

Bill SD-65, An Act for the relief of Henry Frank Whiston—Mr. McCleave.

Bill SD-66, An Act for the relief of Rita Thibeaudeau Cardinal.—Mr. McCleave.

Bill SD-67, An Act for the relief of Janine Sutto Dagenais.—Mr. McCleave.

Bill SD-68, An Act for the relief of Evangeline Vaughan Fortin.—Mr. McCleave.

Bill SD-69, An Act for the relief of Gloria Helen Gross Caplan.—Mr. McCleave.

Bill SD-70, An Act for the relief of Thelma Georgine Ferguson Strathy.—Mr. McCleave.

Bill SD-71, An Act for the relief of Percy Herbert Manuel.—Mr. McCleave.

Bill SD-72, An Act for the relief of Irene Balk Goodson.—Mr. McCleave.

Bill SD-73, An Act for the relief of Jean Grant Shacklock.—Mr. McCleave.

Bill SD-74, An Act for the relief of James Kennedy Andrews.—Mr. McCleave.

Bill SD-75, An Act for the relief of Lillian Haber Rudner.—Mr. McCleave.

Bill SD-76, An Act for the relief of Esther Lilian Issenman Rosen.—Mr. McCleave.

Bill SD-77, An Act for the relief of Ana Nili Indursky Seeman.—Mr. McCleave.

Bill SD-78, An Act for the relief of Joan Howell McShane McNulty.—Mr. McCleave.

FLAGS OF CANADA

MEASURE TO PROVIDE FOR A NATIONAL FLAG OF CANADA

Mr. Samuel Boulanger (Drummond-Arthabaska) moved the second reading of Bill No. C-6, respecting flags of Canada. He said:

(Translation):

Mr. Speaker, before I come to the heart of the matter, which has to do with the house taking position in favour of the second reading of bill concerning the adoption of a distinctive national flag, I should like to

assure all members of the house that it is in a wholly unprejudiced frame of mind, free from any partisanship, that I wish to deal with this subject.

For my part, whether our party was in power or in the opposition, I have always been and still am in favour of a Canadian flag.

Besides, on this score I feel I am expressing the opinion of my party. I have always felt too, that a national flag should be a rallying sign rather than a factor of division and discord. In that respect also, I fully agree with the long standing attitude of the Right Hon. Louis St. Laurent. In fact, when he was prime minister of Canada, he said:

> We shall have a national flag when we are in a position to make it a symbol of unity and not a subject of controversy, for it must be an object of pride to everyone. First of all, extreme views must be reconciled. The province of Quebec—through a legislative measure unanimously adopted by the legislative assembly—now has a flag bearing no British symbol, while in Ontario the provincial government buildings are flying not the Red Ensign but the Union Jack only.

I am quoting the very words used at the time by the Right Hon. Mr. St. Laurent.

> National unity is increasing and gaining strength. Neither Mr. Duplessis nor Mr. Frost is on our side. Those differences of opinions are normal under a democratic system; we cannot all see eye to eye on everything. But as long as everyone gives evidence of good will it shows that everyone considers problems of this sort with an open mind. Thus, in a democratic country, is progress made towards unity of feelings, which alone may make a flag acceptable to a whole people.

I should like also to pay a tribute of gratitude to a Liberal member and former minister of the government, the Hon. Mr. Chevrier, who, at a meeting in Moose Creek, Ont. undertook to demolish the arguments of a Conservative member for the province of Quebec who had said that Mr. Chevrier had felt patriotic inclinations only since he had moved into the province of Quebec:

> Many Canadians, including myself, are of the opinion that the time has come for Canada to be less hesitant in asserting its autonomy within the British Commonwealth, by adopting a distinctive national flag.

I could also add the testimony of a Conservative minister, the Solicitor General (Mr. Balcer) who stated in the course of a meeting at Yamachiche in 1957, as recorded in *Le Nouvelliste* of May 20, 1957:

> Mr. Balcer stated that among the questions particularly close to the hearts of French Canadians are the matter of a distinctive flag for Canada and the appointment of an ambassador to the Vatican.
>
> Whenever these matters have been raised in the house, he said, federal members from the province of Quebec have been seen to remain seated until a vote was taken, and then to rise to vote negatively.

National Flag

I must also acknowledge another debt of gratitude to the Solicitor General for understanding as we do the necessity of a distinctive flag.

Mr. Speaker, the proposal I am introducing today does not mean in any way that my opinion has changed on this problem because I am now in the opposition. It is not my own opinion, but the Canadian people's opinion that has changed, and allows us at last to take up the problem of adopting a national flag which would be a symbol of unity and not of division.

Time, the great healer, has put an end to spurious sentiment and we can now discuss a truly Canadian flag without giving rise to backward and outmoded reactions.

Evidence has come in from all racial groups that make up this nation. From every part of the country and from every cultural, university or trade association we find that there is spontaneous enthusiasm for a symbol of unity appropriate for an independent nation. Canadians no longer want barriers between races, languages and religions; 90 per cent of Canadian citizens are broadminded enough to understand that the time has come to unite under a distinctive Canadian flag and to continue our progress in peace and unity.

This feeling was convincingly expressed when a poll was conducted in the high schools of ten large Canadian cities: Victoria, Vancouver, Edmonton, Saskatoon, Calgary, Toronto, London, Montreal and Saint John, New Brunswick. The results of this poll were published in *Canadian High Life News* of January 25, 1958.

Twelve hundred students were polled, and were asked the following question: "Do you believe that Canada should have a distinctive national flag?" The replies in favour of this were 83.7 per cent; against, 13 per cent; while 3.3 per cent were undecided.

A second question was asked: "If you are of the opinion that Canada should have its distinctive national flag, should it carry the fleur-de-lis or the Union Jack, or both, or be altogether different?" The answers were: fleur-de-lis, 1.9 per cent; union jack, 12.8 per cent; part of both, 28.2 per cent; altogether different, 35.7 per cent; undecided, 21.4 per cent.

The inquiry was pushed one step further and the following question was asked: "Do you think Canada should have its own national anthem?" The answers to that question were as follows: 73.7 per cent answered yes; 23.9 per cent, no, and 2.4 per cent were undecided.

As for the fourth question of the report which asked: "If you believe Canada should have its own national anthem, what do you think it should be?" 29.9 per cent answered "O Canada"; 1.6 per cent, "The Maple Leaf Forever"; 1.4 per cent "God Save the Queen"; 67.1 per cent were undecided.

In fact, we have opinions from all ethnic groups, as I said a moment ago, and I could give you the results of several inquiries, but I shall confine myself to the major organizations which sent in reports.

Thus, at the general convention of the chambers of commerce last October, delegates defeated a motion recommending the adoption of the red ensign as a distinctive flag and approved without discussion a motion introduced by a delegation of the Sarnia chamber of commerce, which reads as follows:

> Whereas Canada, now the fourth largest trading nation in the world, is still without a national flag;
>
> Whereas surveys conducted among the people of Canada show that a great majority of citizens, especially among younger people, want a national flag;
>
> Whereas a national flag would be a factor of strength and unity in the nation:
>
> Be it resolved that the chamber of commerce urge the government of Canada to officially adopt and approve a distinctive national flag.

That resolution reflects the desire of all-French-speaking Canadians that Canada have its own distinctive national flag. However, those people cannot be accused of trying to force their choice on the rest of the country, since that resolution was introduced by a delegation of English-speaking Canadians. The chamber of commerce decision therefore shows that all Canadians are unanimous on that point. Almost 800 cities across Canada were represented at this national conference. Half the delegates, 700 of them, were from Ontario.

Another body with no less merit and quality, the Junior Chamber of Commerce of Canada saw fit to conduct an extensive inquiry across Canada. The flag committee, under the direction of Messrs. Marius Crête, of Shawinigan Falls, and Bill Bellefontaine, of Scarborough, Ont., prepared a list of questions which was sent to its 2,000 members. That committee sought the advice of 16,000 members, 13,200 or 80 per cent of which unreservedly supported a distinctive Canadian flag. Most of the objections originated from Newfoundland and eastern Ontario.

Why, even the Toronto *Daily Star* voiced strong protests against certain ambitions of the Ontario premier, Mr. Frost, who wanted to suggest a Canadian flag bearing the Red Ensign. The said article reads as follows:

The Red Ensign should be eliminated as a national emblem on two grounds. French Canadians, who make up one third of the Canadian population, will never accept it. They demand a flag devoid of any sign of allegiance to another country. Moreover, the Red Ensign looks so much like the flag of the British Navy that in other countries one is often mistaken for the other.

And the Toronto paper went on to say in a vein which hardly leaves any room for doubt:

Canada must have her own flag. But it must be a flag recognized and respected by all Canadians, irrespective of their race or origin. In addition, it must be a wholly Canadian flag. The Red Ensign, even when adorned with a maple leaf would not meet these requirements.

Mr. Speaker, I should like also to read into the record some excerpts of letters written to me by many people, over the last month especially, to the effect that we should have our own distinctive national flag. Such excerpts are fairly indicative of the frame of mind prevailing among younger people, and more especially among the veterans of the last two wars and the Korean war.

A letter signed by Mr. Katch of Oshawa, Ontario, says:

(Text):

As a native and ex-R.C.A.F. veteran, and as one who loves his country and enjoys democratic freedom, I am convinced that our demand for a purely Canadian flag is justified. I also believe that our flag must not contain any racial emblems on it at all. The only emblem on it should be our own maple leaf. Under this emblem, and it alone, we can unite as one nation and one Canadian people.

Sir, I must say that I am not anti-British but on the contrary I have and will always respect the British, their institutions, their flag, the Union Jack, the Queen and commonwealth.

But I also have deep affection for my country and I pledge my duty and loyalty to Canada first. Canada being an independent commonwealth nation therefore should have her own flag and anthem.

(Translation):

I have here an article signed by Mr. Cameron of Bridgeville, Nova Scotia, which reads in part as follows:

(Text):

Regarding the Union Jack, it's a grand old flag, but there is nothing Canadian about it. It was all right in the days when we were a colony. But we are a nation today. We want an all-Canadian flag. The maple leaf should be the most prominent part of it. I think everyone agrees with that statement. And no union jack in our flag. The only fair way to settle the question is by a plebiscite. The members of parliament won't settle the question. They're afraid of it. In Nova Scotia we sing "O Canada" at the beginning of a meeting and "The Queen" at the conclusion.

(Translation):

I have here the evidence given by a person who did not sign his name, but I should like just the same to quote part of it in this house—

(Text):

Mr. Churchill: Mr. Speaker, on a point of order, may I point out that unsigned letters cannot be read into *Hansard.*

Mr. Deputy Speaker: It is quite true that unsigned letters cannot be put into the record. It would be preferable if the hon. member were to describe what he has seen in these letters in his own words. He should not read verbatim from an anonymous letter.

(Translation):

Mr. Boulanger: Mr. Speaker, the opinion of that person reflects the feeling expressed by others who have written to me, and whose letters I have just quoted in part. Out of some 30 letters, only one expressed an opinion unfavourable to the adoption of a distinctive national flag.

With such evidence, one can say that the French Canadians are not the only ones to ask for the adoption of a distinctive flag. The unanimity which exists on the question of a distinctive flag is a perfect indication of political maturity and a guarantee of unity between the different ethnic groups which form our nation.

The absence of a real Canadian flag has also its international implications.

Several examples could be given in this connection. Allow me to remind you that, in the last few years, Canadian soldiers have been assimilated to British soldiers, when we took part in patrolling duties in Egypt on behalf of the United Nations.

Canada took one of the greatest steps of its history when it introduced in the United Nations a resolution whose adoption allowed the cessation of hostilities in the Middle East. Canada was invited to provide important elements of the international police force for the maintenance of order in the Suez canal area.

This conciliating and courageous attitude, which was initiated by our secretary of state for external affairs at the time, the Hon. Lester Pearson, and for which he received the Nobel prize for peace, increased Canada's prestige all over the world.

National Flag

No doubt our prestige has increased because we were asserting our country's absolute independence, but may I add that the two nations which were being called to order were precisely both countries of origin of the two main racial groups of the population of Canada. However, that magnificent gesture lost much of its value when the time came to send our Queen's Own Rifles regiment under a flag which, in short, is but a replica of the union jack, the official emblem of England.

We all know that, at the time, the Egyptian prime minister, General Nasser, claimed that our men were not sufficiently distinguishable from the British soldiers, the invaders, and that they were taking the risk of being mistaken for them by his countrymen. That situation could have led to very serious and deplorable incidents. When we ask our soldiers to risk their lives abroad, the least we could do for them would be to give them a truly Canadian flag, a flag which would be a real emblem of Canada, quite distinctive of other nations' emblems, and under which our sons would be happy to seek glory, without having to suffer the cruel affront of being mistaken for soldiers of another country.

Need I add that the military field is not the only important one on the international scene? Was it not last summer, at the Brussels' fair, that our representatives and all Canadians who visited the fair felt the humiliation of being assimilated to people of another country? Besides, the lack of a distinctive Canadian flag is deeply felt at the United Nations and in all countries where we have diplomatic representatives.

Mr. Speaker, newspapers, public organizations, chambers of commerce, the *Ligue du Drapeau,* distinguished members of universities, in short, the pick of our population unanimously demand a distinctive national flag which would be the common denominator of our patriotic aspirations and the expression of an independent nation.

The flag model which would surely meet with the nation's approval and which remained after all elimination processes, out of 2,696 designs submitted to the competition of the 1945-46 parliamentary committee, is the white and red diagonal with a green maple leaf in the centre. The red and the white recall both main racial groups of Canada, while the green maple leaf is the symbol of this country's unity.

Mr. Speaker, I do not want to delay for a moment the time when the house will wish to take a decision on this resolution. However, I feel obliged to recall a particular fact of present day history. In the world today even the smallest nation, as soon as she achieves independence, quickly adopts her own flag. Canada where we have been bragging about our autonomy for over a quarter of a century, does not yet have the national emblem her people have been demanding for so many years. This lack of national pride is truly unaccountable. How can this country which is giving leadership in so many fields be satisfied with the position of a nation devoid of any pride and ideal?

I think I have proved that nothing now prevents Canada from providing herself with a distinctive flag uniting in its folds all the races which make up this nation and which are called upon to achieve the greatness of this country. Frankly I would be deeply humiliated if a single member, a single Canadian should object to the adoption of a truly Canadian flag.

On Cap Diamant, in Quebec city, a monument was erected to the memory of two heroes: Montcalm and Wolfe. There is on this monument a Latin inscription which can be translated as follows:

> Gallantry united them in the same death,
> History awarded them the same fame,
> Posterity built them the same monument.

As Canadians commemorating the 3rd centennial of their utmost sacrifice, let us unite together in the same spirit of pride and love for this country in order to raise a flag in their memory as they stood united in death for the love of Canada!

Before resuming my seat, I shall in a last effort urge the members of any party not to prolong the discussion, or at least to interrupt it a few minutes before the adjournment of this sitting, so that the house may vote on the second reading of this bill concerning a distinctive national flag which will fly tomorrow, I hope, from the Atlantic to the Pacific, and of which all Canadians will be proud.

(Text):

Mr. G. C. Fairfield (Portage-Neepawa): Mr. Speaker, I sympathize with the hon. member who has just resumed his seat in his desire to have a distinctive Canadian flag but he has left very little time for any of the other members of the house to discuss it. If he wants us to pass this immediately without further discussion that is a different matter. He has intimated that if we talk at all we are against a distinctive Canadian flag. I want to set his mind at ease right now by telling him that I am not against a distinctive Canadian flag. However, I find that in his bill which is before us at the present time

there is a great deal of haste since the explanatory note states:

As it is desirable and urgent that Canada possess a distinctive national flag this bill provides a method of obtaining a flag with the least possible delay.

It then goes on to say:

In this manner Canadians could have a distinctive national flag at the end of this session.

Mr. Speaker, when he discusses the attitude of some of the members of the house and some of the attitudes of former governments I would like to take him back to the meetings of the joint committee of 1946, which were certainly held under a Liberal regime. I would like to read to him the order of reference of the House of Commons for a joint committee on a national flag. On Tuesday, March 26, 1946, this motion was passed:

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

This resolution was concurred in and the committee met off and on from March 29 until July 11, 1946. To show the hon. member that this cannot be a very rapid decision by order in council and how difficult it is to arrive at such a thing as a distinctive Canadian national flag, I would like to read to him some of the evidence of that committee. This statement was made by Mr. MacNicol, one of the members of the committee:

We have had 2,409 flags.

I interject here. This is not a soap contest, Mr. Speaker. It is a flag contest. Mr. MacNicol went on to say:

Of those 2,409 flags I, by elimination of what I saw of them, have arrived at certain principles. One thousand six hundred and eleven of those flags had the maple leaf on them. So I made up my mind that by far the majority of those who sent in flags wanted the maple leaf on the flag. Therefore I marked as No. 1 choice for myself that the flag must have a maple leaf on it. As compared with the maple leaf, the other matters suggested to go on the flag were, first, stars. Two hundred and thirty-one flags had stars on them. Our American cousins have stars on their flags. The Australians and New Zealanders have stars on their flags and India has a star on its flag. Of that 2,409 flags, according to my count—and I may be one or two out because it is quite a problem to count 2,409 flags—231 had stars against 1,611 with maple leaves. So the star went out at once. You cannot have both leaves and stars. One hundred and eighty-four had the fleur-de-lis on. I must confess that in the commencement I had a very strong preference for the fleur-de-lis.

(Translation):

Mr. Boulanger: Mr. Speaker, the hon. member who just spoke is not at all dealing with the subject. I suggest he did not get the drift of my argument.

(Text):

May I ask the hon. member a question?

Mr. Fairfield: Yes.

Mr. Boulanger: Did the hon. member understand what I said in my speech? I did not talk about that at all; I talked about the principle.

Mr. Fairfield: The principle is very broad, I must say. The speaker in this committee went on in like vein for a great length of time. He finally narrowed it down to some 76 flags.

To get back to the history of our present Canadian flag, we see that an order in council was passed on September 5, 1945, part of which reads:

That, until such time as action is taken by parliament for the formal adoption of a national flag, it is desirable to authorize the flying of the Canadian red ensign on federal government buildings within as well as without Canada, and to remove any doubt as to the propriety of flying the Canadian red ensign wherever place or occasion may make it desirable to fly a distinctive Canadian flag.

This is not the order of any of the members of our cabinet, or of any Conservative government. This took place in 1945. I understood, through the medium of the bilingual translation system, that the hon. member for Drummond-Arthabaska drew the conclusion that the flag recommended at that time was to consist of a design of red and white with a green maple leaf in the centre of it. I do not know what committee proceedings he was reading but I find that at the last meeting of the committee it made this recommendation:

That this committee recommend that the national flag of Canada should be the Canadian red ensign with a maple leaf in autumn golden colours in a bordered background of white replacing the coat of arms in the fly, the whole design to be so proportioned that the size and position of the maple leaf in relation to the union jack in the canton will identify it as a symbol distinctive of Canada as a nation.

He cannot have it both ways, Mr. Speaker. He said that our attitude is very difficult but this is not our attitude. We were not in the government at the time that flag, which was called distinctive, was recommended to the government of the day by the committee. But nothing whatsoever has been done to this date about a distinctive national flag. The hon. member wants to have a flag suddenly created in a matter of a few weeks during this session.

I should like to give him a little of the history of where some flags come from. Perhaps he does not know but flags have histories. I have here a book entitled "Flags of the World" by H. Gresham Carr. He deals with the origin of the so-called union jack which is wrongly named because the union jack is the British union flag flown at the foremast of British schooners. First of all I should like to refer to the length of time

involved in bringing about the union jack. The flag of St. George, for instance, was the battle flag of the British nation. It was first used in 1277. The flag of St. Andrew was first used by the Scots in 800. I understand there was a little bit of trouble between the Scots and the Sassenachs. One group would fly St. Andrew's cross and the other would fly St. George's cross. James I had his heralds design the first union flag in 1606. St. Patrick's cross was then added to it. No one has any idea where the cross originated in heraldry. The first British union flag was adopted in 1801. That is a period of hundreds of years and yet the hon. member wants us to develop a distinctive flag showing our ancestry in a matter of four months, you might say.

Take the history of the stars and stripes. I was curious about where the stars and stripes, the flag of our great neighbour, came from. In this same book, "Flags of the World", I find the following on page 114:

> With that began the war and the making of many flags. Massachusetts had its tree; New York its black beaver on a white field; South Carolina its handsome silver crescent on blue, designed by Moultrie, which was soon afterwards replaced by the very unpleasant yellow with a rattlesnake on it; Rhode Island, best of all, had the white bearing the blue anchor of hope; there is no need to give them all, but they were so various, and so disfigured with mottos, that none would or could without jealousy, be adopted as a national flag. A national flag was wanted; what was it to be? The answer came on January 1, 1776, when a flag was hoisted at Prospect Hill in Somerville, or, as some writers would have it at Cambridge, where General Washington had his headquarters—less than two miles away.
>
> This flag is known as the great union flag or the Cambridge flag.

This was a design of red and white horizontal stripes, seven red and six white stripes, I believe, and in the canon or corner of the flag was the British union flag. One wonders where that was discovered. Later on the writer goes on to say:

> To complicate the issue even more, a most definite fact emerges. The Cambridge flag was exactly like that of the East India Company. In fact, the likeness is more than remarkable, it is extraordinary.

It was an exact copy of the East India flag. One may say then, where did the idea for the stars come from? Possibly the hon. member will forgive me, as well as members of the cabinet, if I read a further excerpt from this interesting book. At the bottom of page 116 there is the following:

> In spite of all that has been written, and it is considerable, about George Washington's Arms being responsible for the stars and stripes, or the part Mrs. Betsy Ross of Philadelphia is supposed to have played in the construction of the first flag, we cannot perhaps do better than quote the well-known American authority, M. M. Quaife, who wrote in 1942 as follows: "Homer, alive, attracted but scant attention; when safely dead, and assured of immortality, numerous Grecian cities eagerly claimed him as their son. A like obscurity shrouds the birth of the stars and stripes. No one bothered at the time to record the name of its creator, or claim the honour for himself."

Even within the past year there has been a further development with respect to the stars and stripes, the flag of our great neighbour. No one knows the origin. We only know that the original flag of the revolution was an exact copy of the East India Company flag, and no one knows where the stars came from.

There have been many new flags since world war II. In Compton's *Encyclopedia of World Flags,* to be found in the library, we find, for instance that the flags of Monaco and Indonesia are exactly alike. The flags of Luxembourg, the Netherlands and Paraguay are so much alike that there is hardly any distinction between them. The flags of Venezuela, Ecuador and Colombia are all very much alike and are copies of the original flag of Bolivar who freed the slaves in South America.

So I should like to remind the hon. member for Drummond-Arthabaska (Mr. Boulanger) that the choice of a flag is not something that can be done by picking one out of a hat. That may well have been done in the first committee in 1946. Perhaps it would save a great deal of time, but the choice of a flag is a developmental thing that requires a great deal of thought and a great deal of time.

I know that many Canadians are very interested in a distinctive national flag. I too am interested. With respect to the point about confusion of forces in world war II, may I say that I do not recall going into battle at any time when we flew the union jack over our scouts and snipers or in the vanguard of our battalion. That would not be done. The only time a flag was used was when we were in rest, so that is of no importance. It appears to me that the confusion is merely a confusion in the mind of the hon. member for Drummond-Arthabaska.

I would reiterate here that any design should be purely Canadian. I do not feel it should be half French and half English with some hodgepodge in the middle. I think we have to get experts, and we have to concentrate on this for some time. I do not like the idea of a contest such as the one that preceded the establishment of the committee in 1946, and by means of which everyone sent in their design. Then, you play a game of tick-tack-toe to see who wins. I feel that is wrong. I believe that the heralds and the people who are interested in the history of our nation should be given an opportunity

to submit some new, distinctive design and then, perhaps, the House of Commons should decide.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I only desire to say a few words on this matter. There can be no question but what there is a great deal of interest in Canada in the question of a distinctive Canadian flag. I think I can say also that there are a great many ideas as to what that flag should be. I know that there is hardly a week goes by that I do not receive letters on this matter and a number of designs. In the main, each one is different. All these people are sincere, and everyone seems to have a good, basic reason for suggesting his own design.

I believe that the committee which met in 1946, I believe it was, endeavoured to give serious thought to the entire question. Although I was not here at that time, I have read parts of the report and, basically, I thought that the committee had come up with a fairly good design and with very sound reasons for that design. However, I understand that for certain political reasons the entire matter was dropped. I am told that the report itself was actually never submitted to the House of Commons at all. Perhaps we would not be facing this issue at this moment if it had been submitted to the House of Commons.

I believe we have to realize that there are strong sentimental feelings connected with history and tradition mixed up in nearly everyone's mind when they think of a specific Canadian flag. I know that from the viewpoint of those who would like the fleur-de-lis there are good reasons for wanting that. From the viewpoint of those who want certain colours, there are good reasons for wanting them. From the viewpoint of those who want the union jack, there are excellent reasons for wanting it because of tradition and history. Because of the fact there is this great feeling, I believe that, although action along the lines suggested would be welcomed by the majority of the people of Canada, there has not been a condensation of thought on a reasonable and logical basis as to the design of the flag. I believe that evidence of this fact is seen in the answer given to a question by one of the ministers the other day to the effect that there are between 1,300 and 1,400 designs already on file.

Although we agree in principle with what is being suggested at the present time; although our own organization on a national basis and provincially has passed resolutions in favour of a specific Canadian flag, we do think the hon. member has made a contribution in again focusing attention on this matter. I am certain that as a result of his action interest will continue to grow. I can only add my words to those of the previous speaker, that I think we should let it go a little while longer and that will pay off in dividends because it will enable the eventual discussion to be based upon a consolidation of thought, of sentiment and tradition. This will enable us to evolve a flag that is not based on a contest or a competition but on the opinion of the majority of the thinking people in Canada. This will enable us to work out a proper flag to fly over the men and women of this country in peace and in war, a flag that has meaning for the people who make up this country. We support this motion in principle and we think the member has done a good job in bringing it forward. We think that eventually the problem will be resolved to the satisfaction of all.

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

BUSINESS OF THE HOUSE

Mr. Pearson: Will the house leader tell us the business for Monday and Tuesday?

Mr. Green: Monday will be private members' day and on Tuesday we shall commence with item No. 5 on today's order paper, the Trans-Canada Highway Act resolution; then item No. 4, the Fisheries Improvements Loans Act resolution; then second reading of the bill to amend the Northwest Territories Act; then item No. 12, which went through today, the resolution concerning the National Defence Act and we will take up the bill on Tuesday; then item No. 2, the second reading of the St. Lawrence Seaway Authority Act; then item No. 6, which was the National Housing Act resolution and which will be in the shape of a bill; then, the resolution concerning parliamentary secretaries and the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act. This will be the business on Tuesday and Wednesday. Thursday, by agreement, there is to be a debate on the motion to refer the estimates of external affairs to a standing committee. I am not sure yet about Friday, but on the following Monday there will be a supply motion.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.M.H. SOLICITORS, ONTARIO

Question No. 50—**Mr. Houck:**

What were the names of the special solicitors retained by Central Mortgage and Housing Corporation and what fee was paid to each of them in the year 1958 in the counties of (a) Lincoln; (b) Welland; (c) Haldimand; (d) Halton; (e) Wentworth?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

The names of solicitors who were retained by Central Mortgage and Housing Corporation or who were paid fees in respect of work allocated by the corporation in the year 1958 are outlined below. Because there is normally considerable time lapse between retainer and payment, fees paid will include work for which the solicitor was retained prior to 1958 in some cases. Similarly fees paid do not cover work for which the solicitor was retained in 1958 but for which he has not yet submitted his account. Amounts paid in each instance include both fees and disbursements.

(a) Lincoln county

Macoomb, Colter, Cash & Sullivan	$ 139.90
Coy & Pothier	589.15
Sullivan, Mahoney, Gordon & Chapman	532.77
F. R. Dore	916.10
Johnston & Secord	499.29
Cavers, Chown & Cairns	469.25
Flynn, Franklin & Sullivan	157.00
Begora & Tisdale	517.83
Freeman & Frayne	349.86
D. M. Rogers	459.15
J. E. Murphy	136.75
Seymour, Lompard, Goulding & Nicholls	192.75
Lancaster, Mix & Welch	460.27
Forster, Morrow & Morgan	303.50
Reid, McNaughton & Morrow	
H. W. Edmonstone	
J. L. Reid	
L. A. Lillico	

(b) Welland county

Cavers, Chown & Cairns	103.00
Begora & Tisdale	168.22
J. D. McNamara	1,533.95
Seymour, Lompard, Goulding & Young	1,399.49
Bench, Keough, Rogers & Grass	768.00
S. S. MacInnes	451.00
G. A. Green	305.25
La Marsh & La Marsh	137.50
W. S. Martin	410.50

(b) Welland county—Conc.

J. Broderick	$ 217.50
E. W. Tyrrill	138.00
Mathews & Mathews	1,046.24
J. T. Clement	976.07
W. J. Mars	668.27
N. K. Young	
G. A. Nash	
A. L. Brooks	
R. H. Riley	
J. Woodhouse	

(c) Haldimand county

Nil.

(d) Halton county

D. M. Duncan	812.50
Ramsay A. Evans	177.30
Ross & Robinson	170.90
Nyland & Voortman	150.00
Brown & Brown	177.30
E. Okuloski	
J. L. Agro	
Christilaw, Gage, Wigle & Millar	76.55
Gage & Gage	
Sidney Paiken	
H. E. Lashmar	
Moriarity, Harrington & Palmer	
Robert Jones	
George Kerr	
Douglas Latimer	
T. H. Can Sickler	
Hewson, Ord & Helson	
Humphrey, Depew & Ham	
Isard & Holden	

(e) Wentworth county

E. T. Bradfield	202.15
D. W. Morrison	151.25
McBride, Hickey, Green & McCallum	391.00
Brown & Brown	369.25
Ross & Henchey	169.25
K. Y. Hinton	139.75
Ramsey A. Evans	255.60
Ross & Robinson	635.40
S. Paiken	289.00
J. L. Agro	297.50
Christilaw, Gage, Wigle & Millar	
D. Duncan	
Gage & Gage	
E. Okuloski	
H. E. Lashmar	
Moriarity, Harrington & Palmer	
Robert Jones	
White, Paikin Robson & Foreman	928.50

SURPLUS AGRICULTURAL PRODUCTS—FEDERAL STOCKS

Question No. 124—**Mr. Boulanger:**

What stock of surplus agricultural products are presently held in storage by the federal government?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

As at January 31, 1959, the agricultural stabilization board held the following stocks:

Butter	69,682,444 pounds
Dry skimmed milk	65,126,606 pounds
Cheese	1,205,883 pounds
Shell eggs	75,541 cases
Fowl	832,254 pounds
Canned tomatoes	101,924 cases
Pork products	16,150,361 pounds

Present stocks held by the board are not necessarily surplus since substantial quantities of many products will be resold in the domestic market during periods of low seasonal production.

BANK OF CANADA QUARTERS, HALIFAX

Question No. 149—**Mr. Robichaud:**

1. Did the Bank of Canada move into new quarters at Halifax recently?
2. If so, who owns the property and what are the terms of occupancy?
3. By what fuel is this building heated?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. No.

2 and 3. Answered by No. 1.

HOUSE OF COMMONS

Monday, February 23, 1959

The house met at 2.30 p.m.

NATIONAL DEFENCE

STATEMENT ON COST-SHARING IN DEFENCE PRODUCTION

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I have quite a lengthy statement concerning defence production sharing with the United States. As hon. members are aware, a Canada-United States ministerial committee on joint defence has been established as the result of discussions between the Prime Minister (Mr. Diefenbaker) and the President of the United States, to consult periodically on any matters affecting the joint defence of Canada and the United States. It was envisaged that these periodic reviews would include not only military questions but also the political and economic aspects of these joint defence problems. Defence production sharing has been and will continue to be one of the subjects of concern to this committee. At the last meeting held in December, production sharing was one of the important subjects discussed.

A committee of senior officials of Canada and the United States has been established to deal with the development and production sharing aspects of our military requirements. I would like to point out that this committee includes representatives of all the departments of our government which are concerned with this highly important subject. This committee has established working groups for certain specific programs and projects. These working groups are dealing directly with prime and subcontractors, as well as with the procurement agencies of the United States government.

Within the framework of these arrangements numerous meetings have taken place with appropriate authorities of the United States government. These discussions had as a starting point the fact that the economic interdependence of the two countries in relation to defence has been accepted as a general principle by the governments concerned for some time. The Hyde Park declaration of April, 1941 and the statement of principles for economic co-operation of October, 1950, recognized that the production and resources of Canada and the United States should be used co-operatively for defence in order to achieve the best combined results.

We are now determined to make these existing agreements effective in action. The government is taking every step open to it to ensure that Canadian manufacturers be given access to the United States defence procurement program. This has an immediate importance in relation to the Bomarc, Sage and radar programs. Working groups have been established in these areas, and frequent meetings held with the United States Air Force and prime contractors. The approach has been to identify equipment for which Canadian industry is competent to undertake production as prime contractors or as subcontractors for United States prime contractors.

Both governments are helping to establish better inter-industry contact than has existed in the past. We are also facilitating the exchange of information and personnel between United States prime contractors and potential Canadian suppliers. United States prime contractors have made visits to Canadian plants to obtain a better knowledge of Canadian capabilities. As a result, Canadian firms are already having their names placed on United States industrial and governmental tender lists. Many of our companies have already submitted technical proposals and quotations, and several contracts for engineering services, development and the manufacture of components have been placed with Canadian firms. Progress along these lines will, I am sure, become more and more evident. However, time and continuing efforts will be required to achieve our objective.

I emphasize, however, that the efforts of our government can only be directed towards the setting up of the necessary arrangements whereby Canadian industry will have equal opportunities with United States industry to participate in the production of the technical equipment which is required for defence programs of mutual interest. The real success of production sharing endeavours depends, to a large degree, upon the determination of Canadian industry vigorously to seek defence business in the United States either as prime or as subcontractors. In assuming this responsibility, Canadian industry must bear in mind that it will have to

be competitive with United States industry in terms of technical competence, delivery and price.

We must look, however, beyond immediate programs in order to work out effective arrangements for sharing in the production of future weapons related to the defence of North America. Our continuing objective is to co-ordinate the defence requirements, development, production and procurement of Canada and the United States in order to achieve the best use of our respective production resources for our common defence. The attainment of our objective will be made easier if the sharing of tasks can be initiated at the development stage. It must be recognized that in the final analysis the degree of participation by Canadian industry in the production of major weapons will be governed largely by the extent to which Canadian scientific and engineering skills are able to share in co-ordinated programs of development.

There has always been co-operation between the two countries in utilizing each other's defence production resources. Production sharing arrangements will now place greater emphasis on across the border flow of defence work. From April, 1951 to the end of 1958 Canada has placed contracts for defence equipment in the United States amounting to $590 million. The United States, on the other hand, has contracted in Canada for defence equipment totalling $540 million for the same period. In 1958 Canada placed contracts in the United States to the value of approximately $55 million, but the net value of business placed was reduced to approximately $10 million primarily as a result of the termination of the Astra and Sparrow programs, and decreases in some older contracts for aircraft equipment. In the same year the United States placed $40 million worth of contracts in Canada. These figures represent prime contracts only, and do not take into account any subcontracting which is handled by prime contractors.

Here it is true that Canada subcontracts a greater volume of work into the United States than the United States prime contractors place in Canada. Although statistics on these transactions are necessarily approximate, I believe that about an average of 20 per cent to 25 per cent of our aircraft and electronic equipment contracts are subcontracted into the United States. It is in the United States subcontract field that the greatest results can be achieved through the production sharing arrangements which we have set up in conjunction with the United States.

One of the largest contracts placed in Canada by the United States was the mutual aid purchase of CF-100 aircraft for delivery to Belgium. The United States has bought 5 Caribou aircraft for evaluation purposes, and continues to buy Beaver and Otter general purpose aircraft. There are also continuing contracts being placed for R-1340 engine spares, F-86 aircraft spares and maintenance support for the United States-financed Pinetree radar sites. Other purchases include radomes and support items for the distant early warning radar line. Not included in the foregoing figures is a recent United States contract placed in Canada covering radar sets for installation in the United States-financed Pinetree radar sites amounting to $6.5 million.

As I previously pointed out, it will take time and continuing efforts on behalf of the government and Canadian industry to make any significant headway in our recently organized production sharing arrangements. I am pleased to point out that as a result of production sharing efforts, a Canadian company has been selected for the production of wings and ailerons for the Bomarc missile. The present value of this contract is $1.7 million. Also Canadian engineers are working on the Bomarc missile for the United States prime contractor on a subcontract basis. In addition, certain other contracts covering electronic equipment have been placed in Canada. We expect as time goes on that further contracts will be placed in Canada.

As the Prime Minister has previously pointed out, the defence of North America has become a joint responsibility of both Canada and the United States, and the skills and resources of both countries must be utilized in the most economic manner.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, the house will be grateful to the minister for having made a statement on the subject of defence production, but I am sure the house is very much disappointed with the content of the statement. It was announced in the house on Friday last that the minister would be making a statement on production sharing with the United States. That announcement was contained in the Prime Minister's statement to the house that day on a very important aspect of defence.

It is not possible to comment on the minister's statement today in a detailed way, because we have not seen it; but as I followed the announcement it seemed to me that it emphasized two or three main points. First of all, the minister was very careful to point out that the companies would themselves have to go and get these orders. In other words the government had not been able to get very far in making arrangements

to protect the interests of Canadian productive capacity through sharing in the vast contracts required for the defence of this continent.

Reference was also made, and very properly so, to the fact that the ability to obtain production contracts would depend on the extent to which Canadian scientific, engineering and technical personnel had an opportunity to participate in the development programs leading up to the production stage. I can only comment with some feeling that such a statement unfortunately comes at a time when the government itself has been taking steps that cannot help but disperse Canadian scientific and technical personnel, and that there is very little hope of such personnel participating in joint development projects if scientific and technical personnel teams in this country have already been dispersed by government action.

The figures given of the comparative expenditures in the two countries for the last few years only tend to emphasize the extent to which production activity in this field has tended to run down. Perhaps I should say no more at this point, Mr. Speaker.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in the context of the sweeping announcement made last Friday the statement that has now been made to the house by the Minister of Defence Production is exceedingly disappointing, and I am sure will constitute little comfort for the 14,000 people who were thrown out on the streets last Friday almost as unceremoniously as garbage is placed on the streets for collection.

Some hon. Members: Oh, oh.

Mr. Argue: We have listened to the statement of the Minister of Defence Production. There is little or nothing in it of a concrete nature. He has talked about joint committees, about working groups, about discussions that are going on. But where is the action? Where are the concrete results? They are not to be found in his statement.

The Minister of Defence Production does not talk about contracts of a sizeable nature in relation to the defence program of this continent. He talks about potential contracts. He talks about making the necessary arrangements. Then, as if to throw ice water on the possibility of Canada sharing in defence contracts with the United States in a real sense, he says that after all Canadian industry will have to compete with the Americans on a competitive basis. I think in the light of the experience we have had in the past, in the light of our knowledge of the pressure that is placed on the United States administration by congress, this statement is an empty one. In view of the loss to the Canadian economy occasioned by such steps as were taken last Friday, it is hollow and meaningless.

In my opinion, Mr. Speaker, this is a clear demonstration of the fact that the government has no policy, and that we are not sharing with the United States in an effective way in defence production orders. In order to illustrate how relatively insignificant the sharing to date has been, one needs only reiterate the figures given by the minister, namely that in 1958 Canada shared in prime contracts to the extent of just $40 million. This represents a very tiny proportion of the defence cost to our nation, not much more than 2 per cent of the defence cost to Canada.

The minister went on to say that we have a prime contract for the production of certain parts of the Bomarc missile, totalling $1.7 million. This, in my opinion, demonstrates to the country that the government has no policy; that this government is incapable of planning in the defence field, and that by this statement today, coupled with the statement of the Prime Minister on Friday and the lack of a firm agreement with the United States, the very sovereignty of the Canadian nation is today threatened. Our sovereignty is threatened because our government has not worked out an arrangement with the United States under which we could share in defence production in a realistic manner. I see smiles on the faces of members of the government, but I can tell them this is no smiling matter.

EXTERNAL AFFAIRS

MOTION TO REFER ESTIMATES TO STANDING COMMITTEE

On the order: Government notices of motion:

February 20—The Secretary of State for External Affairs—The following proposed motion:—That items numbered 76 to 105, inclusive, as listed in the main estimates 1959-60, relating to the Department of External Affairs, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the power of the committee of supply in relation to the voting of public moneys.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

LABOUR CONDITIONS

CRISIS IN AIRCRAFT INDUSTRY—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. Paul Hellyer (Trinity): I ask leave to move the adjournment of the house, Mr.

Speaker, under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the crisis in the aircraft industry caused by delays and confusion in air defence policy, involving mass lay-offs and threatened disintegration of this important sector of our Canadian defence production.

Mr. Speaker: May I say that the purpose of this statement appears to me to come close to the provisions of the standing order under which leave is asked to move the adjournment, except possibly for the phraseology of the clause, "caused by delays and confusion in air defence policy." This clause is reminiscent of the first amendment on the address in reply to the speech from the throne. However, before I put the request to the house I shall be glad to hear briefly any representations as to why leave should not be granted.

Right Hon. J. G. Diefenbaker (Prime Minister): I rose earlier, before Your Honour, for the purpose of saying this. The attitude taken by the government with reference to this motion is that if Your Honour feels it comes within the rules, the government will welcome the fullest discussion of this subject today. After all, none of us has any monopoly in our feelings for our fellow men. In that spirit I place the matter before Your Honour, firm in the belief that if the opportunity for discussion takes place it will be welcomed on the part of my colleagues and myself.

Mr. Speaker: I am not sure whether the hon. member who is asking leave of the house would be prepared to drop the clause which reads, "caused by delays and confusion in air defence policy", which seems to me to be a subordinate clause in any event which could open the door to a wider debate than would be justified.

Mr. Hellyer: I have no objection, Mr. Speaker.

Mr. Speaker: With the request under rule 26 in the amended form, it appears to me this is a matter of urgent public importance of recent origin for which there would be no opportunity of debate until next Monday at the earliest, and therefore it appears to me to come within the rule.

I will read the request of the hon. member for Trinity again:

> Mr. Speaker, I ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the crisis in the aircraft industry involving mass lay-offs and threatened disintegration of this important sector of our Canadian defence production.
>
> [Mr. Hellyer.]

Has the hon. member leave of the house to proceed?

Some hon. Members: Agreed.

Mr. Hellyer: Mr. Speaker, under ordinary circumstances it would be very appropriate on this day to discuss the history, the growth and the development of the Canadian aircraft industry. It is just 50 years ago today that the first powered flight of an aircraft in the British Empire was made at Baddeck, Nova Scotia, by Hon. J. A. McCurdy in his Silver Dart. This should be a day of rejoicing. It should be a day of applause. It should be a day when we can sing our gratitude in praise of the magnificent growth and development of the industry during those 50 years.

On that day 50 years ago the sun of Canadian aviation rose in the east. Last Friday it went down. Today we hope that what we are doing is not paying our final respects, but assisting in an early recovery. Mr. McCurdy himself, I am sure, dared not dream of the magnificent progress which has been possible in the half century since and of the far-reaching events which would take place. It is a pity that our discussions today cannot take the form of a national celebration, but rather that we should have to discuss what we believe to be a great national tragedy.

Some of us were shocked by the government's decision to cancel the Arrow program. Most of the surprise and shock was on account of the way in which it was done, with no suggestion for an alternative project to take its place. It is worth while to take a look at some of the things the Prime Minister said in his statement to the house last Friday, and I propose to do that briefly if I may. I do not intend to make a lengthy statement on defence policy, but I do think it is necessary at this time to discuss some of the contentions made by the Prime Minister in his statement and some of the inevitable consequences to the aircraft industry and to the Canadian people.

It was reassuring, first of all, to hear the Prime Minister pay tribute to the Arrow aircraft and the Iroquois engine; to hear him say that they have been a success, and that they had shown promise of fine technical performance. We believe this was a well deserved tribute to a fine team of inventors, technicians, scientists, production engineers and the whole company of men who put the aircraft together. The Prime Minister commended those who had designed the aircraft and translated the plans into reality, but then he went on to say that they had been overtaken by events; that the bomber threat had diminished, and that alternative means

of defence, presumably against bombers had been developed much earlier than had been expected.

It is difficult to understand how the threat from manned bombers could have diminished. It has, of course, been some time since those of us on this side of the house who are interested in these matters have had access to the sources which the government uses as a means of reaching its decisions, but I am sure from the information we have and from the information we can obtain from technical sources, magazines and other places, that the present inventory of Russian bombers is greater today than at any time in history. If the Prime Minister had said that it was a continuing threat, and one which remained at the present time at least unabated we might have been able to accept it, but we cannot accept the Prime Minister's statement that it is a diminishing threat unless he can give us some further details as the basis of his statement.

If the alternative means of meeting the threat to which the Prime Minister alluded is the Bomarc missile, some of us would have serious reservations about that, and we should like the Prime Minister to give us some more information about it. The Bomarc has not yet, to common knowledge, been proven, and early models have been less than satisfactory in performance. We assume that the model which the Canadian government intends to acquire is an improved version, but we should like to know what its capabilities are; we should like to know whether it is going to provide us with some semblance of security or if it is true, as some observers have suggested, that Russian bombers would be able to fly under these missiles, fly around them or perhaps, if they could jam the homing device which the missiles carry, fly safely through them. I am sure the Prime Minister has information on this subject, and we should like it to be made available to hon. members so that we would have a greater fund of knowledge on which to base our judgment.

The Prime Minister went on to say that in the middle sixties the missile would be the major threat and the long-range bomber would be relegated to a supplementary role. This is consistent with what most military observers have been telling us, but these observers have also stated that the Russians would still have an inventory of between 1,000 and 2,000 bombers capable of coming over the ice cap and presenting a threat to our national survival. We have been told repeatedly that there is a continuing requirement for manned interceptors. The Minister of National Defence himself said so on several occasions; the supreme commander of NORAD and his deputy have also made statements to the effect that defence was needed against the manned bomber. They have gone even further and said the Arrow was required as part of the defence against the manned bomber.

Obviously, the government does not think so. In such circumstances the logical question is who is right, the experts or the government? The Prime Minister went on to say in his statement that the United States government, after full and sympathetic consideration, in consultation with the United States air force with regard to its possible use for the Arrow, had reached the conclusion that it was not economic for them to use the aircraft. Not economic, Mr. Speaker, or not politic? Perhaps our salesmen were not persuasive enough.

The statement went on to say that the CF-100 was still an effective weapon in the defence of North America against the bomber threat. The Prime Minister's statement should have been more precise. Is the CF-100 still effective against the total Russian capability as far as manned bombers are concerned? Surely the right hon. gentleman is not suggesting that? It is true it might be effective against part of the Russian inventory of bombers, but certainly it would not be effective against their recent jets. As a matter of fact the air force placed a requirement for a new version of the CF-100, to be known as the mark VI, which was to have an after-burner to increase its power and be equipped with an air to air guided missile. This was to be a stopgap between the present CF-100, now in squadron service, and the CF-105, but one of the first things the government did when it came to office one and a half years ago was to cancel this requirement.

The inconsistency of the Prime Minister's statement seemed to lie in the fact that he found it necessary to rationalize the government's decision by speaking of the very extensive cost of the Arrow. The figures he used were not figures which were common knowledge; they looked as if they had been picked from a hat. What we ask is that the Prime Minister should break down these figures in order that we may know how they have been put together and whether they do in fact represent the actual probable cost had the project been continued.

Later in his statement the Prime Minister said that defence requirements were the sole justification for defence procurement. No one, I am sure, quarrels with that thesis. Certainly in normal economic circumstances military necessity and military necessity alone should be considered. But one wonders,

when one considers that there is today more unemployment than at any time since the thirties and there is simply no absorptive capacity available to the skilled workers engaged in the aircraft industry, if it would not have been better for the government to have negotiated some of these future production sharing contracts with the United States before it cancelled this program and threw these many thousands of workers out on the street. It was the way in which it was done which in our opinion is most tragic.

The Prime Minister was very forthright in his statement. "Frankness demands", he said, "that I advise that at present there is no other work that the government can assign immediately to the companies that have been working on the Arrow and its engine". This unequivocal statement was applauded by some newspapers, and one evening paper in Toronto described it as courageous. It was not courageous but cruel. It was cruel, heartless and incredibly short-sighted.

If the government decided that the Avro Arrow was not the most important machine necessary to our defence at the present time we would be obliged to go along with that decision and it must be accepted, but the fact which cannot be accepted is that at a time when there is obviously a very urgent military requirement for some defence machinery the government should, after 18 months, simply cancel the contract overnight without giving adequate consideration as to what it should do in lieu thereof.

This lack of consideration and consultation is something we deeply deplore. We are told by the company that from last September until last Friday noon there was no effort on the part of the government to sit down with the company to decide whether or not it should proceed, whether or not it should develop some new piece of military hardware, whether or not it should produce some piece of equipment of United States design, or just what it should do. There was no effort made to sit down across a table and make plans to salvage and keep in effect the accumulated benefit of billions of dollars of expenditure and years and years of technical advance. This is an unbelievable indictment, and if it is not true we would like the Prime Minister to say so.

It is not as though the goverment has had insufficient time for consideration. It has been in office long enough to have made up its mind. Surely 18 months—or even more, 20—is sufficient time to evaluate the military requirements of this country, to consider our place in the North Atlantic Treaty Organization, our place in NORAD, what our contribution to the total defence effort of the Atlantic communities should be and how best we can proceed to provide it. Certainly what we need is positive decision, and not after these intervening months a negative decision only.

Had there been consultation with the company there is an infinite variety of possibilities that could have emerged from such meetings. We would like to hear from the Prime Minister what some of the possibilities are. Surely the defence experts have given to the government some indication of the things that are available, the solutions which should be considered. An executive of the Avro complex yesterday made a statement to the press in which he indicated that the government had not bothered to consult with the company and had not sat down with the highly trained technical and skilled people there in an effort to employ their collective judgment to assist the government in this matter. He went on to cite some of the possibilities which might have been considered, and I am sure he put forward just a few of them.

First of all the government should have made some arrangement for the orderly slowing down or the orderly discharge of the workers there if it made up its mind there was no other recourse. Surely it could have considered the possibility of building some other aircraft to make available to our air division overseas. Surely it could have considered the possibility of manufacturing missiles and other defence equipment. Surely the government has been considering these questions for 18 months. Has it reached any positive decisions yet? If not, why not? This is a very serious matter indeed, and the lack of consultation is something we cannot condone.

The dislocation this decision has caused is a matter of deep and grave concern to all Canadians. It is national in scope and affects people from one end of this country to the other. It also affects industry over a very broad band of our nation. The immediate result, of course, has been a crisis which has developed as to whether or not we will be able to salvage and retain in Canada the technical personnel who have been accumulated and whose skills have been built up over the years. As early as Saturday morning there were in Toronto representatives of United States aircraft manufacturing concerns ready and waiting. They telephoned our scientific personnel offering to engage them and take them south of the border.

Some of the individual cases are tragic indeed. A number telephoned me over the week end and told of their individual circumstances. Surely these people are deserving of our consideration. I should like to place on the record just one or two instances

of the personal circumstances of people involved in this crisis. One man came out from England with his two children aged 12 and 14. He has a house on which he pays $90 a month in respect of the first mortgage and $35 in respect of the second mortgage. He has a car on which he pays $100 a month. His gas bill amounts to $22 a month, his telephone bill $5 a month and his light bill $8 a month. How can he possibly prevent personal tragedy by drawing unemployment insurance?

An hon. Member: He will simply have to lose his car.

Mr. Hellyer: An hon. gentleman has just commented that he will just lose his car.

Mr. Benidickson: And his house.

Mr. Habel: He will lose everything.

Mr. Hellyer: He will indeed lose everything, and the hon. gentleman who first interjected made it sound a matter of no account. It is not just a matter of 300 or 400 or even 12,000 or 14,000 families who are affected. That is just the beginning. The effects have not yet spread out to the complex of subsidiary industry the probable result of which will be that another 10,000 to 20,000 families will be directly involved.

Another instance drawn to my attention concerns a chap who came from England some years ago and who has been out of work for some three weeks because of lack of seniority. He moved to Toronto from the maritimes and sold for $8,000 a house which cost him $13,500. After he was laid off he went to the bank to find out about his housing mortgage. He was referred to the bank's head office and was given until March 15 next to make a payment.

Another man told me that he did not know now which way to turn. He was practically born and raised in the aircraft industry and had lived and talked it all his life. It was the only thing he knew and understood. He is an airplane man from start to finish and now he has no place to go unless perhaps to the United States, he added. One man is in such a precarious financial position that he told me in all sincerity he must of necessity take his daughter out of high school to cut down on expenses. This is an alarming state of affairs. Another man has a son in law who recently met with a very serious accident. The son in law had his brain injured and is unable to work. This man now has as dependants his wife and daughter, his son in law and two grandchildren. He has no money. He is out of work and has no income. Where does he go from here?

These stories could be repeated time and time again, Mr. Speaker, because they are just representative of the thousands of cases which are real and not just statistics. It reminds us of the statement the Prime Minister made not long ago, to the effect that while he was Prime Minister no person would suffer unduly because of unemployment. We seriously wish that the Prime Minister would try to live up to that very important undertaking.

One of the aspects of this situation about which we feel most strongly, Mr. Speaker, is that of our technical and scientific personnel. If I might be permitted just a moment of personal reflection, it is just about 19 years ago now when I first started out to try to learn something about the aircraft industry. At that time there was no course in aeronautical engineering in this country. There was no aircraft industry; there was no accumulation of aircraft skills, and for that reason I have followed the course of development of the industry through those years with more than casual interest. As a result perhaps I feel more keenly the present situation, because I can appreciate the almost colossal magnitude of the build-up and the improvement which have taken place in our capacity during those years. I do not think people who are not acquainted with some of the industrial and engineering aspects of the industry can appreciate as well the magnitude of this great Canadian accomplishment. It is for this reason that we urge the government immediately to consider some proposal which will salvage the situation and stop what inevitably will be a mass exodus of our most skilled and most trained people from this country.

The other night I cited the electronics industry as just an example of what will likely happen here. Last year the government cancelled the electronic requirement for this aircraft, and we saw what happened there. At once the skilled people began to leave us. I think we should commend the government on having taken some action to hold here the nucleus of the personnel under a plan which they put into effect for the winter months, but we are told now that that plan, which expires in March, has not yet been renewed. Of course it is perhaps just a temporary thing anyway.

These people cannot continue to live in a state of uncertainty. It is an awful feeling to live from week to week and month to month not knowing when your employment is going to terminate. You cannot blame young people, young scientists, for refusing to continue to live under those conditions and for making plans and accepting positions elsewhere. I saw several people over the week end who said, "This is the final blow. We have been

waiting; we have been hoping; we have been dreaming. We are Canadian through to the core; we are so proud of this achievement of ours that we could stand on the rooftops and shout, and now the whole thing is disappearing in front of our very eyes and we do not know where we go from here."

The whole electronics industry has been put in jeopardy, and just at a time when its products were beginning to make their presence felt in the markets of the world. Surely we cannot compete in world markets if we do not have the skilled technical people necessary to develop the products which are required, and surely those skills cannot be built up overnight.

The government has talked much about secondary industry. We well remember the speeches that were made about Canadian development and about the necessity of building up our secondary manufacturing. We do not want to be hewers of wood and drawers of water; we do not want to dig holes for Bomarc squadrons; we do not want to be relegated just to cutting down trees and bulldozing boulders out of the way. We want to take our part in the community of nations, and this is what the Prime Minister held out to the Canadian people.

Mr. Diefenbaker: Would the hon. gentleman, who is an authority on aeronautics, answer a couple of questions? The first question is, where in his estimation would markets be available for the CF-105? What explanation has he for the fact that in the United States the F-106C and the F-106D, of similar capabilities to the CF-105, had their contracts recently cancelled and production discontinued? I would like to have his opinion on that.

Mr. Hellyer: Mr. Speaker, as far as the CF-105 is concerned I think there are innumerable possibilities if the government had gone after them. I am told that General—

Mr. Anderson: Mention one.

Mr. Hellyer: I am told that General Norstad has indicated an interest in having some of the CF-105's available for the Canadian air division in Europe.

Mr. Pearkes: To whom did he indicate that?

Mr. Anderson: That is not what C. D. Howe said.

Mr. Hellyer: We are told that General Norstad is interested. The government can tell us whether this is so or not. I heard over a week or two ago that the British were taking another look at the CF-105. Perhaps the government should have considered the possibility of trading some of the CF-105's for some British nuclear submarines. That would have encouraged and strengthened both the mother country and Canada. I am told that had we put them into squadron production we would ultimately have been able to sell them to several of the countries of the north Atlantic alliance.

Mr. Churchill: Who told you that?

Mr. Hellyer: If that is not so let the Prime Minister tell us, but that is the informatior we have.

Mr. Diefenbaker: I say right now that is not so.

Mr. Hellyer: Mr. Speaker, it is very difficult to tell unless you do have them in squadron service and available, because a weapon in being is so much more important than some ethereal thing on the drawing board which may be in production some years hence.

Mr. Churchill: Give us your source of information.

Mr. Hellyer: As far as the other planes are concerned, I think we should stop comparing the United States F-106 with our CF-105. They are as different as a horse and buggy and a car. They were not designed to do the same job at all. They were for different military requirements. Perhaps one good reason why the United States should have cancelled their F-105 and F-106 is that they would have looked so poor beside the CF-105.

It is this aspect, Mr. Speaker, the loss of 20 years of accumulated productive capacity and potential, which is so serious. I have here an editorial from one of our independent newspapers entitled "The Beginning and the End". Someone wants to know the source. The newspaper is the Toronto *Globe and Mail*. I should like to read one or two paragraphs. The views expressed therein are identical with my own; therefore I am quite willing to assume responsibility for them. The editorial reads in part as follows:

> And here is the irony of it. Most Canadians will recall that in the early post-war years we were not permitted to share defence production with the United States; the reason the United States gave being that we lacked the necessary know-how. So, at great trouble and cost, we acquired the know-how. Still, there was no sharing. And now, what? Now, the brilliant array of engineering and technical talent which built up this great Canadian industry will be dissipated. Now, these highly-trained men and women—the one national asset—will probably go. Where? To the United States.

This, Mr. Speaker, is a national tragedy. We are not alone on this side of the house in our view. We have some excellent support. I have here a speech prepared by the Minister of Labour for delivery later today

but marked for release anytime this afternoon. I should like to quote briefly from it, because I think we can rely on his judgment. He says:

> I do not want to be dramatic. But Canada, of all countries, cannot afford to live in a world where she will not have the skill and technological know-how to hold on to what she has got.

Truer words will never be spoken, Mr. Speaker. We agree with that statement. We want the government to show some evidence of its concern. We want the government to move and take the initiative in a positive way before it is too late to salvage the situation.

We have heard a great deal about education. I should like to repeat something I said the other night, that people coming back here from Russia have pointed out the giant strides that the Russians have taken in their educational system. More particularly, they point to the tremendous number of scientists and engineers the Russians are producing and how they are pulling ahead of us in this field. Comparisons have been drawn between our two systems, and we have been warned that we should put greater emphasis on the training of scientific personnel. For what, I ask? To export to the United States.

For generations many of Canada's brightest have been going there to seek greater opportunity after having received their education in Canada. Since the beginning of world war II the picture has changed and it has become fashionable for young Canadians to stay in their own country. Young Canadians desperately want to stay here, but they have to be able to live; and, even more important, they have to have the opportunity to create and develop. During the post-war years most young people were able to find full and satisfactory outlets for their talent and ambition in this country. Are we now going to pull the plug again?

Is this what the government means by production sharing? We have heard much of this high-sounding phrase in the past and again today. Does it mean that we are going to produce scientists and engineers and that the Americans are going to produce the equipment? Is that a fair way of production sharing?

We heard a rather lengthy statement by the Minister of Defence Production this afternoon. He did not tell us very much that we did not already know. We find that we are going to make tail fins and some wings for the Bomarcs, and we are going to get $1.7 million for that. We knew how to make tails and wings 20 years ago. What we want to make now is something far more consequential. The $1.7 million will not pay the unemployment insurance for more than a few days for the people who have been laid off.

So far all that has come out of the committee has been promises and pious platitudes. The statement this afternoon was positively staggering in its insignificance. There was just nothing in it at all. It reminded me of an empty cracker barrel I saw over the week end. The minister told us that time and continuing efforts will be required to achieve the desired result. That is not what we want to know. What has been going on for the last year and a half? What has the government been doing with the time it has had? Where have the ministers been when they should have been in Washington negotiating contracts and giving some thought to the future as far as our mutual defence is concerned Why was this matter not given some thought last fall when the ministers had time on their hands? The government must act at once, within the next few days, to prevent a national tragedy.

Surely the problem facing us is a great one, whether this country is to grow, develop, prosper and blossom into a great industrial giant or whether we are going to set the clock back. We not only have to talk big and speak of a great vision; we must act accordingly. Surely the vision of Canada's future is not a vision of our young scientists and engineers marching two by two to the nearest border crossing point. Canada is a land of great resources, and the greatest of these is the skill of our people. We dream of a great new country. We want to compete with the world, and to do so we must have the technological basis on which to build and expand.

National development or national disaster? That is really the choice that faces us. The government has cancelled one great Canadian project. It must present some alternative plan at once if the situation is to be saved.

Finally, Mr. Speaker, I should like to point to the fact that today a new Canadian stamp has been issued. It depicts two airplanes, one of which appears to be the CF-105 taking off into the blue yonder, and the other is the Silver Dart. There seems to be something symbolic about the fact that under the present administration there has been flown in Nova Scotia today, to celebrate the fiftieth anniversary of flight in Canada, a replica of the Silver Dart instead of one of our great Canadian aviation achievements.

Mr. Speaker: I am sorry to interrupt the hon. member, but his time has expired.

An hon. Member: Let him go on.

Some hon. Members: Go ahead.

Mr. Speaker: Has the hon. member leave to proceed?

Some hon. Members: Agreed.

Mr. Hellyer: I am practically finished, anyway. This stamp is a symbol of the hope of the Canadian people. If the government will take the necessary action to correct the situation before it is too late, we can take pride in this stamp issue. If it cannot, then the stamp should have been printed with the picture upside down. This complex, which has taken so many years, so much money and so much energy to develop, must not be scuttled now because of lack of application by the government.

We urge the Prime Minister to give us some assurance that our efforts today to focus attention on this problem are not in vain, that some immediate, positive, forward-looking action will be taken to stem the flow, to stop the exodus of Canada's future from this country, and to bring about that vision of national development which he has placed before us.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I should like to assure you that I and all those who sit here and support the government regret the hardship which is imposed upon those men who are, for the time being, facing unemployment. The hon. member for Trinity (Mr. Hellyer) has pointed out to us some of the sad cases. Every effort will be made to relieve that hardship.

However, I cannot share the the dismal forebodings which have been expressed by the hon. member for Trinity. He has referred to the fact that today is the 50th anniversary of powered flight, and today a replica of the Silver Dart flew a short distance this afternoon before it met with a slight accident. Fifty years have gone by and we have advanced a very long way, but it is not the end. It is the first 50 years of powered flight, and 50 years from today we will have soared to much greater heights than ever dreamed of a few years ago. We are entering a new era; we are not closing a book. A number of years ago, I suppose, the wheelwrights and coach builders were lamenting the fact that the motor car was being introduced. Unfortunately, as one moves forward in the world hardship and suffering is imposed by those triumphs which are achieved from time to time.

I am not going to continue in that vein. I do want to express, though, my regret that there are people who are today out of work as a result of the decision the government had to make. In order that there may be a proper appreciation of the reason the government had for making that decision I am going to trace briefly, with the permission of the house, the origin and development of this particular project.

We have to think of the days when we were engaged in hostilities in Korea, and had entered what was then considered to be an era of limited warfare. We were surprised that the Russians had produced their MIG-17, which demonstrated their ability to produce a turbojet aircraft. Shortly after that the knowledge leaked out that the Russians had the atomic bomb. This made it necessary for the government of the day to reassess the dangers, the threat there might be against Canada. It became very obvious to the senior officers of the Royal Canadian Air Force at that time that there would have to be a supersonic jet fighter to replace the CF-100, and that requirement would have to be met by the year 1958.

Their plans, therefore, were based on the need to get a jet fighter which would be able to engage in combat with the jet bomber which the Russians might be able to produce by that time. It was imperative that we do so, because we had no agreement with the United States. We were standing alone. The only agreement which existed at that time was that if Canada were attacked and if war broke out, the United States air force would come to our assistance. There was no plan for co-operation existing at that time; we had no over-all agreement. A study group was set up in 1952 in order to examine the requirements that Canada would have in order to be able to defend herself. A replacement for the CF-100 was considered. It was felt at that time, because we stood alone, that we should require some 9 regular squadrons and 10 auxiliary squadrons, making a total of 19 squadrons, with an estimated requirement of some 500 to 600 aircraft of the advanced type.

Now, it was realized that aircraft were costing a lot of money at that time. They were expensive. The CF-100 had been costing about three-quarters of a million each. Of course if we were going to produce some 500 or 600 of the advanced type, that would be a reasonable number for production. The government at that time authorized the sum of $30 million to go ahead with the development, in the hope that they would be able to produce an aircraft which would run about $1.5 million to $2 million per copy for a total of some 500 or 600.

A little later on, in 1955, Right Hon. C. D. Howe, speaking in this house, had this to say

about the development of this aircraft, and I quote from *Hansard,* page 5380, June 28, 1955:

> I can say that now we have started on a program of development that gives me the shudders, a supersonic plane and a supersonic engine. I believe those weapons are certainly required as soon as they can be produced—

I miss out a line or two, and then he went on:

> However, we embarked on that program and already on that program we have invested $30 million. Before we get through, it will be around $100 million. That is a program no other country has carried through successfully as yet.

This aircraft, therefore, you might almost say was born in doubt. It was realized it was going to be a very expensive project. In 1953 the development of the prototype, was authorized and it was stipulated at that time that the production of the aircraft should be in 1958. It was also confirmed in 1954 that the Russians had developed a jet bomber, and that they also had exploded a thermo-nuclear bomb.

By 1955, the time when Mr. Howe was speaking to the house, this program had lagged behind. Costs had been increasing, but the government approved the program in spite of the fact that it had been pointed out that the funds available, which were then some $211 million, would be insufficient to complete the development due to the increased costs of labour, raw material and the additional engineering costs. At that time the company was informed that while there were to be some 40 CF-105 airframes produced at a cost of $191 million, and 14 Iroquois engines at a cost of $70 million, it was to be understood that the program for both the airframes and the engines could be halted and abandoned at any appropriate stages if this was found to be expedient or necessary.

So even as far back as 1955 the company was informed that this was on a year to year basis. In fact about that time the government re-examined the program every six months because of the doubts which existed as to whether they were justified in expending such large sums of money. In November of that year—this is an indication of the efforts which were being made back in those days to sell this aircraft—Hon. Ralph Campney visited Washington and endeavoured to get the United States air force authorities interested in the CF-105. He received encouragement to go ahead, but received no commitment at all from the United States to purchase the aircraft.

At that time it was estimated that some $300 million would be spent for the development, and that an additional $1,544 million would be required for the equipment of some 15 squadrons instead of 19. The government had seen that it was necessary to reduce the number of squadrons from 19 to 15 because the cost of the aircraft had gone up from the estimated $1½ million to $2 million to $2,600,000 per copy. So the government expressed doubts at that time. Production was slipping, and it was fairly obvious then that the aircraft would not be ready by 1958. Therefore further modifications were made in the program.

During the period 1955 to 1956 it was learned, perhaps for the first time, that the United States were developing aircraft with somewhat similar performances. The F-100, the F-102 and subsequently the F-106 were being introduced. It is not correct to say that the F-106 is inferior to the CF-105. They do have slightly different characteristics. The United States air force officials with whom I have discussed this matter—and I have discussed it with the most senior United States air force officers—are of the opinion that the F-106 fulfils their requirements rather better than the CF-105, and the F-106 would be a great deal cheaper for them than the CF-105. Prior to about 1956 we had not been aware of the fact that the United States government were going into the production of an aircraft similar to our CF-105. So again it was emphasized that the program which was being developed on the CF-105 could be altered, or if necessary abandoned, at any time.

Early in 1957 the chiefs of staff reported that while the technical development was continuing satisfactorily, the program was again slipping in time and increasing in cost. The first flight was expected to have taken place in May of 1957. That was postponed until August 1957. In fact it took place on March 25, 1958.

Then came the change of government, and after this government had had an opportunity to review the situation they continued with the program. That was confirmed in October of that year, and it was definitely stated that it would be for one year only. The program might be reviewed at any time within that year; it might be stopped, cancelled or altered, just as the government found the requirements demanded. As I say, that was in October 1957. I can quote various statements which I myself made in this house then and subsequently which would indicate that we were continually emphasizing the fact that this development was proceeding only from stage to stage, and that it would have to be reviewed at each stage. On page 2874 of *Hansard* for January 4, 1958, I said:

> The CF-105 is being developed as a supersonic interceptor. The start was made on this aircraft

some few years ago and this year we decided to continue for one year or more the development of this aircraft. We are not committed any further than to continue the development for another year, with the right even then of discontinuing that development should the circumstances warrant taking such a step.

Then on page 3674 of *Hansard* for January 23, 1958 I said:

Mr. Speaker, some years ago research work was started to develop a supersonic interceptor capable of intercepting manned bombers which might be expected in about five years' time from now—

And this was in January, 1958.

Development work has proceeded on a year to year basis. Last fall the government authorized a further year's development of that aircraft which has now become known as the CF-105.

The future of that aircraft will depend entirely on the nature of the threat. The matter is constantly under examination.

Later, on August 8, 1958, at page 3237 of *Hansard*, I said:

In these estimates we have allocated $175 million for the further development of this aircraft which, if it is proceeded with—and we have the right to discontinue it at any time—

I think that answers very clearly the doubt which may exist in some people's minds as to whether this company had any warning of the possibility that the development and production of the aircraft might not be proceeded with. The statement of last September, of course, made it perfectly clear. I can say that ever since I assumed this office I have been in constant touch with the officials of the company. I have seen them in London, I have seen them in Toronto, and I have seen them in my office here. Officials of the department and officers of the air force have been in continual touch with the company and have been advising the company almost daily of the progress made.

Mr. Pearson: I wonder if the minister would permit a question? My question is: had he or any officials of his department seen the officials of the company before the announcement made last Friday, to give them some warning that this announcement was coming?

Mr. Pearkes: The officials of the company have been in Ottawa within the last two weeks. They had seen the report in the press which had been put out, the statements by the officials of my department which were reported in the press when the estimates were tabled, clearly showing that there was enough money either to continue the development or to cancel it. There was no hesitation. There was no attempt to confuse anybody. It was clearly stated that both were possibilities.

So, after we had assumed office, it was made quite clear that we intended to continue the development of this aircraft for one more year. During that year there were very significant changes taking place on the strategic scene. Hon. members will recall that only a little over a year ago, at the end of 1957, the first sputnik was launched, and ever since then phenomenal progress has been made in all forms of missilry in the United States, in Russia and in the United Kingdom.

About that time Mr. Khrushchev made the announcement that the manned bomber was obsolete. Now hon. members need not take his statement as full, gospel fact, but he has made a lot of statements which have proved to be remarkably correct. The indication has been that the Russians are not continuing the production of any type of bomber more advanced than that known by the code names of the Bear and the Bison, and that the numbers of Bear and Bison aircraft in the Russian inventory is extremely limited and, furthermore, that these are the only two types of Soviet bomber which could reach this continent and return again. The figure quoted by the hon. member for Trinity (Mr. Hellyer), when he said that the Russians have some 2,000 bombers, must not be taken as indicating that these 2,000 bombers could reach this continent or that more than a very small fraction of that number could ever make the return flight, even if they were not opposed.

It would therefore seem that the basis upon which this development was first begun back in 1952, namely to have an interceptor ready by 1958 to meet what in 1952, quite reasonably, was expected to be an overwhelming force of enemy bombers capable of attacking this continent, had definitely not materialized and all the information we can get from all the sources which are available to the government indicates that the threat of the manned bomber against this country is diminishing. It would therefore not seem to make sense for us to go ahead and develop an interceptor which would be ready by the end of 1961 and which could be in squadron operation by 1962, to meet a threat which would hardly exist at that time. If, in the meantime, there is a change in Russian intentions and the Russians go into the production of a new type of bomber, or even build up the numbers they now have of the Bear and Bison types, there would still be time to meet that threat.

The hon. member for Trinity asked whether an attempt had been made to sell this aircraft to the United States or to the United Kingdom. I should like to inform the hon. gentleman that I went down to Washington personally. I saw the secretary for defence, Mr. McElroy, and I did my best to interest him in this aircraft last summer. Then, when we were attending the NATO conference in Paris we did our best once again to interest the

United States in the program of the CF-105. Mr. McElroy was there on that occasion, together with Mr. Dulles and other representatives of the United States. Attending on behalf of Canada were the Secretary of State for External Affairs (Mr. Smith), the Minister of Finance (Mr. Fleming), the Minister for Defence Production (Mr. O'Hurley) and myself. We were told definitely and with finality that the United States could not include the CF-105 in its armament inventory.

I also discussed this matter with European powers. We took the matter up with the minister of defence of the United Kingdom. We have been in continuous communication with the authorities in the United Kingdom in the hope that perhaps the United Kingdom would be interested in taking over the CF-105, which would have enabled us to have continued. As recently as last week I received a telegram which confirmed again that they were not interested. They stated very definitely that they would not be able to consider the purchase of the CF-105.

Mr. Hellyer: Would the minister permit a question? Would the government have gone ahead with the contract if it had been able to get a reasonable order from the United States or from the United Kingdom or some other country?

Mr. Pearkes: The government would certainly have given most serious consideration to doing so. I am not in a position to say that they would or would not have gone ahead. It would have depended on many matters, including the size of the order and its relationship to the force of interceptors held by the United States. I merely refer to the fact that I had been to Washington personally and I had personally consulted with the minister of defence in England in order to answer the questions which were advanced by the hon. member for Trinity.

During 1958, when it was becoming obvious that neither the United States nor the United Kingdom would be interested in purchasing the CF-105, very extensive studies were carried out to see what alternatives might be adopted, how many of the CF-105 we could possibly afford to purchase and how many would be required to meet the diminishing threat.

There was some concern at that time about the range of the CF-105. We had been informed then that the ranges were 238 nautical miles flying supersonically and 347 nautical miles flying subsonically. Of course, obviously if you are going into an attack you would cruise as far as you could and only go into your supersonic speed at the last few minutes so you might say that the general operational range of the CF-105 at that time would have been about 300 miles including some period of operating supersonically and some period of operating subsonically. That would have been the radius of action from base stations such as North Bay, St. Hubert, Bagotville and Ottawa. We were concerned about the limited range of this aircraft. We therefore concluded that the maximum number of aircraft which we would require to meet the threat would be approximately 100 operational aircraft. The figures of cost worked out to be $1,261 million as from the first of September of last year and that figure did not include the previous development costs. That seemed to be a staggering figure. Not only was that cost to be considered but we would have had to introduce—as we will have to introduce for the Bomarc or any other weapon system —the ground environment the cost of which runs into many additional millions.

After the consideration of these facts the September statement was issued. We had realized that if we were going to go into production of this aircraft the company would have to receive several months' warning so that they could get the long leads ready and be prepared to carry on with the production program overlapping the development program. October of 1958 was considered the deadline when it would be necessary to give a firm decision as to whether or not we should go into production.

The decision was announced on September 23 by the Prime Minister (Mr. Diefenbaker) when it was decided that the Astra fire control system and the Sparrow missile should be discontinued there and then because the company had suggested—and it had been suggested several times previously —that part of the great expense of this aircraft was included in the control and missile system. They had suggested they might possibly make substantial reductions in the cost of the aircraft if they had an opportunity to test out a proven fire control system and missile. This was known as the Hughes control system and the Falcon missile which had been proved in the United States. For this among other reasons permission was given to extend development for a further period in order that the company might test out and see whether these new, proven systems could be introduced into this particular aircraft and to ascertain whether material reductions in price could be made. There were other reasons as well including the international situation and the situation in the Far East which were announced by the Prime Minister at the time.

The company then came up with a new proposal in which they offered a flyaway cost at $3.75 million per copy making a total of

$345 million, with support spares and equipment amounting to $98.4 million, with missiles amounting to $42.6 million and the completion of the development of some 20 aircraft of which they expected eight would be operational amounting to another $295 million, making a grand total of $781 million for 100 aircraft.

That was a large figure and it was suggested that it would compare favourably with the CF-100. In a statement made by Mr. Crawford Gordon which appeared in the Toronto *Globe and Mail* he stated that this would compare with the cost of the CF-100 during production in the mid-50's. For the year 1955 the cost of production of that was $93 million whereas the estimated cost for producing the CF-105 with the cost of development, in 1959 was $160 million, and in 1960-61 was $242 million.

While I am on the question of cost perhaps hon. members would be interested in hearing exactly what has been spent on this aircraft up till now. In 1953-54, $1,067,399 was spent; in 1954-55 nearly $17 million; in 1955-56 this figure had more than doubled to $38 million; in 1956-57 the expenditures reached $65 million. In 1957-58 there was an additional expenditure of a further $115 million, and with the expenditure of $106 million in this fiscal year we have a total of actual expenditure, to the 31st January, 1959 of some $341 million dollars. Hon. members will see that the cost had been increasing each year.

The hon. member for Trinity made some reference to the Bomarc. It is difficult to give precise figures of the ranges of the Bomarc without disclosing classified information on a weapon which has been developed by the United States.

The Acting Speaker (Mr. Rea): Order. I am sorry to interrupt the minister but his time has expired. Has the minister the unanimous consent of the house to continue?

Some hon. Members: Agreed.

Mr. Pearkes: I can only say that the ranges are comparable with the ranges of the CF-105. I must add that with the introduction of the Hughes-Falcon system we have been advised by the company that additional fuel tanks can be added which would give an increased range to the CF-105, with the Hughes-Falcon combination, and the additional fuel tanks, up to 354 miles supersonic and a subsonic range of 506 nautical miles.

The speed of the Bomarc is in excess of the speed of the CF-105 and the height that it can reach is higher than that which can be reached by the CF-105. The cost of the two Bomarc stations which have been now approved, although the final location of one of those has not yet been settled, will be a total of $110.8 million, of which, according to the over-all agreement which has been reached with the United States, the United States will pay at least two-thirds.

I might add here that it is not going to be a question merely of digging holes for the Bomarc to go in, as was suggested by the hon. member. All construction work and all unit equipment will be paid for by Canada and will be bought in its entirety in Canada. This applies also to the further development of the Pinetree line, the introduction of Sage and also of the gap fillers. It is possible for an enemy bomber to get under the range of a Bomarc; it is possible for a bomber to come under the coverage of the radar and we are introducing a large number of gap fillers so as to make that impossible, they will be located to take care of the enemy bomber if it comes down so low as to avoid the arc of the major radar stations.

We have also an agreement with the United States that they will as far as possible, in a fair and reasonable way, place as many of their orders for the technical equipment, for which they are paying entirely, that is, their two-thirds of the over-all figure, with Canadian firms.

If there is to be any comparison between the manned interceptor and the Bomarc I think one can sum it up by saying that the manned interceptor would have more flexibility while the missile has a greater height and greater speed for engaging a target.

While I have indicated the extent of the cost of those two Bomarc stations as $110.8 million, to be shared on the basis of one-third to Canada and two-thirds to the United States, I think hon. members must compare that with the $781 million which Canada would have to pay if she had gone on with the CF-105. It has been felt that if we proceeded with the development of the CF-105 we should be paying a very high percentage of our defence budget into a weapon which was to meet a threat which was diminishing and which would only be a threat for a year or two after the CF-105 had gone into action.

We must take into consideration, not only the large sums of money which we have to spend on the defence of North America but also the fact that we are also in the NATO alliance and we have to keep up our commitments and other commitments in that respect. Even as far as the North American continent is concerned, we are faced with

a new menace, namely that of the ocean-going submarines which are capable of reaching our shores and of launching missile attacks from their decks. Therefore, we are carrying on with an extensive development for the protection of our coastal areas by increasing the number of destroyer escorts that we have and building an additional six of the repeat Restigouche type. The expenditure on these and the first seven Restigouche type is going to be in the neighbourhood of $350 million. We have developed the Argus aircraft which is recognized as the best marine reconnaissance submarine chaser that there is. But that faces us with a cost of $236,896,000. In addition to that, we have to consider the possibility of re-equipping the air division in Europe and of re-arming the army with more modern equipment. The army has not had very much new equipment purchased for it during the past 10 years and the government announced they were going to arm the brigade overseas with the Lacrosse missiles and that again runs into a sum of $4.3 million.

We have now on order or have actually built additional air transport in order that our brigades may be able to take part in any United Nations commitments that they may be called upon to fulfil. That again is running into the large sum of $140 million. In order to meet all these requirements we have to review continually the amount of money that we can spend on air defence of this continent and also on the other commitments we have.

If we met all requirements we would be running into a budget far, far higher than the budget for which we are now providing. If we had not taken this action, if we had continued with the CF-105 we would be faced with making a complete change in our defence structure. It might have meant that we would have had to stop the building of such ships as the *Restigouche* and others of that type. That would throw many hundreds of men out of work from our shipyards. We might have had to cut down the strength of the army or something of that sort. You have to strike a balance.

I have tried to point out that the threat is very definitely diminishing. We are in partnership with the United States. We are playing our full part in that partnership. We are developing the warning systems right from the D.E.W. line down to the Pinetree line. We are spending large sums of money there. We have given of our air space; we have given of our territory. We are playing our full share in the mutual defence of the North American continent. The United States could not carry out the defence of their country without the aid of Canada, without the assistance of Canadian air space, without the assistance of our warning systems, without the facilities which we can provide on the ground. We could not carry out the defence of this country if we did not work in partnership with the United States.

I mentioned at the beginning of my remarks that originally it was planned to have 500 to 600 CF-105's for the defence of Canada alone.

Mr. Hellyer: Can the minister tell me if that figure is in the records because our recollection is that it was 300?

Mr. Pearkes: The original figure in the records is between 500 and 600. The figure of 300 was given at a later date at one of the subsequent reviews. I have checked these figures very carefully. I merely mention that to give an indication of the enormous expense involved and what an utter impossibility it would be for Canada to provide for all the defence of this country. Therefore one enters into a partnership in which there should be a balanced form of defence, one partner providing certain things and the other partner providing other requirements. There should not be any attempt to try to give a small portion of every requirement there may be. Therefore I think it is perfectly reasonable that at this time we should be placing more emphasis on developing the warning systems that are of such vital importance not only to Canada but also to the United States, and also to the powers of retaliation which really are the only preventive of war today.

Therefore we can rely upon the United States which has declared that it has available a large number of interceptors and, even if we had the CF-105, would be providing interceptor defence for the greater portion of North America. We can rely upon them and provide additional facilities for them to operate, if necessary, over our country. In the meantime we do not believe that the threat is materializing. We believe that the CF-100 is capable of dealing with the bomber that the Russians can send over this country. It will be touch and go as far as combat between the CF-100 and the Bear-Bison is concerned but, as I pointed out, they have that aircraft in very limited numbers. As far as the Russian bombers described by the code name Badger are concerned, our CF-100 is quite capable of dealing with them.

I should like to emphasize one thing in closing, that we have to maintain a degree of flexibility so that we can be prepared to meet what is far more likely to be the threat in a few years time, the intercontinental missile.

Mr. Hellyer: Before the minister resumes his seat, may I ask him whether it is fair to say that the contract was cancelled primarily because of the increased costs?

Mr. Pearkes: No, I certainly would not say that. I tried to explain all the way through my remarks that the main reasons for cancelling the CF-105 were the decreasing threat and therefore the lessening need of such an aircraft, the fact that it was taking too much of the defence dollar and that too large a proportion of our contribution toward the deterrent was being concentrated in that particular form.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have listened with a great deal of interest to the speech just delivered by the Minister of National Defence (Mr. Pearkes). I do not think he has answered the three main questions that I believe to be in the minds of the people of Canada at this time. Those questions are: What happens to the workers who are today unemployed and out on the street? Is the government contemplating any action to provide employment for these people, highly qualified as they are in a technical sense? Has the government any plans to restore them to suitable positions in order to add to the productive capacity of the Canadian nation? I have heard of no such plan.

What is the alternative to the CF-105 for Canada's defence production industry? It is correct that the minister referred to some joint undertakings that Canada and the United States will be entering upon but I would submit that he has not answered the central question as to what happens to Canadian defence production industries.

The third question that has remained unanswered is what happens to Canadian sovereignty in the very unbalanced partnership that the government has agreed to on behalf of this country? The type of motion before the house at this time is one that I am certain any opposition party had to move if it was to carry out its responsibilities as an opposition. So it is no accident that the thought of moving the adjournment of the house to discuss the question now before us was in the minds of the C.C.F. members as it was in the minds of the Liberal members.

We came into the house with a prepared motion ready to move it if the opportunity had been ours. We would have asked leave to adjourn the house to discuss a matter of urgent public importance, namely the failure of the government to take steps to provide alternative employment for the thousands of workers in the aircraft industry before cancelling the Arrow project; the necessity of immediate action to provide alternative employment and projects so as to prevent the addition of many thousands to the total of unemployed; to prevent the loss of technical skills that are so necessary for Canadian development; and, further, the grave threat to national sovereignty brought about by the failure of the federal government to obtain Canada's full share of defence orders for joint North American defence. That is the motion we would have moved for the consideration of the house had the opportunity arisen.

I did not have the advantage over the weekend of talking with the people in the cities of Toronto, Hamilton, Kitchener or that general area. However, it was my privilege over the weekend to go into the riding of Timiskaming and talk to a number of people in that riding. I can say to the members of this house that although northern Ontario is removed from the place of unemployment, the Avro industry, by many hundreds of miles, nevertheless the people in that area were shocked at the precipitate action of the government. They could not understand how, in a democratic society, the Prime Minister (Mr. Diefenbaker) could stand up in parliament and announce something that a few hours later would result in 14,000 Canadians losing their jobs.

We think that that is one of the aspects of this whole problem that is unforgivable. We have received telegrams from the trade unions involved. I have two in my hand to which I should like to refer. The first one was sent to me by Mr. P. Podger, business representative of the international association of machinists. It reads as follows:

> The unprecedented callous action of the Diefenbaker government in cancelling the Arrow with immediate resultant loss of 13,000 plus jobs is tantamount to economic treachery. The forfeiture of Canadian sovereignty to the U.S. in our defence created by the government's decision calls for the immediate defeat of the Diefenbaker government.

I may say the people might have thought some of these things some months ago with more effect. It goes on to say:

> We urge you to move motion of non-confidence immediately.

The other telegram was sent by Mr. W. Jacobs, president of the draftsmen association of Ontario. It reads:

> Request you use every method available to condemn government for callous treatment of engineering and skilled tradesmen and betrayal to American interests. Government must account for failure to provide substitute work for cancelled Arrow project. Demand should be made on Washington for equitable share defence production. Failing agreement basis should only be established on our terms. If possible force government to go to people to prevent complete takeover by U.S.

That is the end of the telegram. I think the very strong wording of these telegrams, signed by responsible officials of the unions involved, shows the feeling of the Canadian people and the workers affected to the announcement that was made and the action that was taken, and particularly to the way the action was taken by this government. It is a question entirely separate and apart from whether or not Canada, in an economic sense, was able to or should have continued with the production of the CF-105. However, there is certainly condemnation of the government for making this announcement in such a manner, and putting people on the street without any consideration at all.

A statement by Crawford Gordon appeared in this morning's *Globe and Mail*, the first paragraph of which reads as follows:

> As I indicated in my brief statement on Friday, the Prime Minister's announcement cancelling forthwith the Arrow and Iroquois programs came as a complete surprise to the company. We received no advance notice whatever of the Friday announcement itself nor did any government department seek prior consultation with the company to arrange for an orderly and gradual cease-work procedure.

It would seem to me that if the government decided to make this decision it should have been made in an orderly manner in order that the people involved in the industry may have had a better opportunity to obtain alternate employment.

What was the attitude of the government toward the development of alternate defence arrangements with the United States? It would seem to me that the government has no concrete plans, that they have not in any of their representations to the United States obtained adequate assurance that this would be a true partnership and that Canada would get its share of defence orders. The Prime Minister, in speaking in the house on Friday, had this to say, as recorded at the bottom of page 1222 of *Hansard*:

> As for the technical equipment which is to be financed by the United States, both governments recognize the need for Canada to share in the production of this equipment. Within the principles of production sharing the United States government and the Canadian government expect that a reasonable and fair share of this work will in fact be carried out by Canadian industry. To that end a number of groups of officials representing both countries have been established to initiate the production sharing activities and to deal with the problems involved. I might add that early next week the Minister of Defence Production will make full information available to the house in this connection.

There is the statement of the Prime Minister, that within the principles of production sharing the United States government and the Canadian government expect that a reasonable and fair share of this work will in fact be carried out by Canadian industry. I say that is a statement of satisfaction by the Prime Minister; that is a statement by the Prime Minister that the partnership is working and that the United States government recognizes the principle of production sharing. This is a far cry from the attitude of the members of this government when they were on this side of the house, when they were stating in no uncertain terms that Canada's share of this production should be increased; that the government of the day should obtain greater concessions from the government of the United States.

Now we have the statement of the Prime Minister that the principles of production sharing are recognized by the United States government. This is in advance of the statement by the Minister of Defence Production (Mr. O'Hurley) which I suggest was hollow, inadequate and a great disappointment in the light of the statement that had been made by the Prime Minister last Friday. This government is satisfied, according to the record, with what I consider to be shabby treatment by the United States. The Minister of Defence Production said today that at the last meeting held in December production sharing was one of the important subjects discussed. He also said that the Hyde Park declaration of April, 1941 and the statement of principles for economic co-operation of October, 1950, recognized that the production and resources of Canada and the United States should be used co-operatively for defence in order to achieve the best combined results.

Then, he goes on in the next part of his statement to say that there has always been co-operation between the two countries in utilizing each other's defence production resources. Apparently this general satisfaction is not just general satisfaction with today's position but it is a satisfaction that goes back for a great many years, according to statements that are being made at this time.

With what does the government take such great satisfaction? Has Canada now reached a position where she obtains a large quantity of defence orders from the United States? The government is no longer in a position to point an accusing finger at the Leader of the Opposition (Mr. Pearson) and say, "Why did you not do something about it?" because the government has now been in office for 18 months. For a year and a half they have been in a position to do something about it. What have they done about it? I submit, very little.

The Minister of Defence Production in his statement this afternoon went on to say that

in 1958 Canada placed contracts in the United States to the value of approximately $55 million, but the net value of business placed was reduced to $10 million, primarily as the result of the termination of the Astra and Sparrow programs and decreases in some older contracts for aircraft equipment. In the same year, the United States placed $40 million worth of contracts in Canada. I suggest that instead of advancing this as an instance of the kind of utilization of each other's defence production resources the hon. minister talked about, this statement is a public declaration of the failure of the government to get for Canadian industry a fair proportion of defence production orders.

So I submit, in answer to the second question "What has happened to the Canadian defence industry?", the answer is obvious: the industry is in great jeopardy. A large section of the industry, apparently, if nothing else is to be done, is now going to be dismantled. Canadian technicians are being thrown on the street, with the best alternative for many of them to seek employment in a foreign country.

Mr. Speaker, this is no answer to the grave question that we are debating this afternoon. It is a question of the employment and income of Canadian workers; a question of the survival of a substantial section of Canadian industry. Yes, even more, a question of the survival, as we know it, of the basic sovereignty of the Canadian nation. In the statements of the Minister of Defence Production and the Minister of National Defence there is no compromise. In order to sweeten the statement of the Prime Minister last Friday, he made the announcement that early next week the Minister of Defence Production would make full information available to the house in this connection. I suggest that the announcement is a dud. It has fallen with a dull thud this afternoon.

How are we going to share in the production of the Bomarc missile, the production for which the CF-105 has been exchanged? We are going to make a tremendous contribution, according to the Minister of Defence Production. He says:

> I am pleased to point out that as a result of production sharing efforts a Canadian company has been selected for the production of wings and ailerons for the Bomarc missile. The present value of this contract is $1.7 million.

Surely this statement by the government indicates that the United States has in fact answered a flat but emphatic "no" to the requests of this government for an adequate sharing of defence production.

What is to happen to our skilled technicians? We do not know. They are apparently going to be added to the half million or more unemployed at present in this country. They are to be put out on the street in the winter time, when unemployment figures are the highest in the peacetime history of this country since the end of the war. The Minister of National Defence has talked to us this afternoon, but all he has given to those people is sympathy. I know they need sympathy. They need all the sympathy they can get, but they would be much happier if the hon. minister had announced a program to put them back to work in their own field.

How long have we talked in this country about the necessity of taking action to make certain we keep within our borders, so far as possible, highly trained Canadian citizens who have been educated in our universities? The government say they realize the importance of this. The Minister of Labour (Mr. Starr) realizes the importance of it. As has already been said, he is making a speech. I do not know whether he has made it or not, but it is marked "For release p.m. Monday, February 23, 1959". Here is what he says. I wonder if he discussed this with his colleagues in the cabinet? I wonder if this has had the approval of the government? The Minister of Labour states:

> I wonder if many of us realize how important it is that Canada today must have the highest level of industrial skill in the world?

Persons with the highest level of industrial skill are out on the street looking for work. They are out on the street unemployed because the Prime Minister, the leader of the Minister of Labour, has deemed that it shall be so. The Minister of Labour says:

> I am not a pessimist. But I will say this. Unless we achieve a really high level of industrial skill in this country our present way of life cannot survive.

I think I might interpret that to mean that unless there is employment for the highly skilled Canadian in this society, there will be no future life for this government and for the Conservative party. The hon. minister was not short of words to repeat, emphasize and underline the same idea, he went on:

> I do not want to be dramatic. But Canada, of all countries, cannot afford to live in a world where she will not have the skill and technological know-how to hold on to what she has got.

We need the political know-how in this country apparently to hold on to the skill that we have. But the Minister of Labour says that Canada cannot afford to live in a world where she will not have the skill and technological know-how to hold on to what she has got. That is the statement of the Minister of Labour, and I think that is probably the greatest indictment that will be

made of the government this afternoon. We are asked to hold on to the technical people of this country in face of the government's policy to put them on the street and force them, in many instances, to seek work in other countries.

Then what is to happen to our national sovereignty? How are we going to maintain our independence if we are to surrender the defence of this continent to the United States without insisting, as a nation, on our fair share of industrial production and our taking a full partnership in this whole matter? We in the C.C.F. party do not have the same kind of faith in the present NORAD arrangements that is held by members of other parties. When this question was being discussed in the house last year we said that in our opinion the first place to make our defence effort was through the United Nations. If it was impossible to have the kind of collective security through the United Nations that would seem to guarantee our nation the maximum amount of defence, then as a second choice we should place our partnership on a NATO basis. It should be placed on a multi-nation basis such as the North Atlantic partnership, with which Canada has co-operated for so many years. But this government said: No, although North American defence may be said to be a part of NATO, it is basically a North American show, a partnership between Canada and the United States. And so, without our European allies, we have undertaken the defence of Canada in partnership with the United States. I say that the success being made of this partnership today shows that also for North American defence we should have stayed within the general framework of NATO and not have taken on ourselves the responsibility for North Atlantic defence on the basis which has now been adopted.

This government is not standing up to the United States. This government has said it is satisfied with the principles of co-operation that have been formulated today. Yet on the basis of what has been achieved to date we receive only an insignificant part of United States defence orders. This government, which has in the past defended the cause of national sovereignty, and claimed it would maintain full employment in our country, has made an announcement which will have the effect of increasing unemployment; an announcement which shows, also, that we are not maintaining our sovereignty in this partnership; an announcement which has led to a front page editorial in the *Globe and Mail* declaring that the government and the cabinet is fraught with internal weaknesses. The *Globe and Mail,* a great supporter of this government, has said that not only has the action taken so far been evidence of incompetence as far as defence is concerned but—going even further—that it reveals a major and widely spread internal weakness of the government; a failure not just in one but in several of its departments to look and plan ahead. The newspaper says, further:

> This weakness has been apparent since the government assumed office 20 months ago, but never, in that ime, has it been so dramatically disclosed.

What is the main headline in the *Globe and Mail*? The headline reads: "Frost to Call 'Best Brains' to Save Avro Plant, Jobs." The premier of the province of Ontario is endeavouring to step into the situation to rescue the Canadian economy from the effects of the tragic mistakes and blunders made by the federal Conservative cabinet. This is an indication of how high in the esteem of Premier Frost is held the defence policy of this government.

I make a plea to the government, in spite of the evidence of its weakness and indecision, in spite of the great and mounting evidence that in the United States Canada is being given the brush-off, that it should say to the United States in very definite terms: either Canada is given a fair share of defence orders; either we are taken in as a full partner in this defence arrangement or the partnership is off, if this kind of shabby treatment is given to our country.

Mr. Churchill: Then what do we do?

Mr. Argue: You did not have to infer from that question that you are getting this kind of shabby treatment. Apparently that is just the inference in that statement. I say it is shabby treatment, and if the Minister of Trade and Commerce (Mr. Churchill) wants to admit that Canada is being kicked around, let him stand up and admit it. I am saying that from the standpoint of the interest of Canada and from the interest of most Canadians our nation is not a full partner in this arrangement, as has been stated by the Minister of National Defence today, and that along the lines of the statements made by the Prime Minister so often in the past. We say that Canada should speak up to Washington and be firm in making her legitimate requests instead of making to the Canadian people these statements which add up to an abject surrender to the United States. The evidence is contained in the figures given us by the Minister of Defence Production today.

Mr. Pearkes: Nonsense.

Mr. Green: May I ask a question? Does the hon. member think the contract should have been continued?

Mr. Argue: I say to the Minister of Public Works (Mr. Green) that the government should have continued the contract in so far as it was necessary and in those aspects necessary to provide employment for the people involved, and if in the opinion of the military experts advising the government it became necessary to discontinue this project it should have been done, in the words of the president of the company, in an orderly fashion.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, as has already been pointed out in this debate, this is the fiftieth anniversary of the birth of the Canadian aviation industry and we must all hope in this house that this is not the first day of its decline and disappearance. I think the subject which has been brought up by us justified the adjournment of the house for its discussion. The motion is related to the aviation industry in its terms but the Minister of National Defence (Mr. Pearkes), quite properly I think, had to discuss the motion, which concerns specifically the aviation industry and what is happening to it because of the action taken last Friday, in terms of air defence policy. In doing so he gave us more information on this matter than we have received since he became Minister of National Defence, and it is unfortunate that the kind of information we got this afternoon—whether we agreed with what he said or not—should have come only after the decision had been taken to cancel this contract.

When this statement was made by the Prime Minister (Mr. Diefenbaker) last Friday and when we were told that the long awaited statement by the Minister of Defence Production (Mr. O'Hurley) would be made to us today, I think most of us felt that the statement on defence production and its integration with the United States program would have to explain at least the decision taken on Friday to cancel the Arrow contract. However, as the leader of the C.C.F. group has pointed out, it certainly gave no such explanation or no such background as would help us to understand why this decision should have been taken so suddenly. What we are all asking ourselves now is: where do we go from here in this matter so important to our defence, so important to the industrial economy of this country and so important in the light of our relations with the United States. It has been our major indictment of the government since the day this session began that it was guilty of fumbling, confusion and delay in its policies, and guilty of failure to plan ahead. There could surely not be any better example of this than the situation which now confronts us.

[Mr. Green.]

Hon. gentlemen opposite have been pleased from time to time in recent weeks to jeer at us in the official opposition because when the occasion seemed to require it we have spoken in favour and voted in favour of economic planning. There never was a time when economic planning was more justified and more absent than in connection with this particular business we are discussing today.

The minister gave us in some detail the background of this situation fortified with all the records that he has at his disposal and I have no quarrel with what he said in that regard. I feel that he put the background quite fairly in so far as I know anything about it, at least the background up to June of 1957, which is the only background about which I have any information. He pointed out quite rightly that the CF-105 was planned and developed as a result of a government decision at that time to have it take the place of the CF-100 in the light of conditions regarding defence as they were at that time.

I have been reading my back *Hansards* for those years and this matter has come up more than once in the house in the defence estimates of those years 1955, 1956 and 1957. There was an opportunity then for the opposition of that day to discuss and criticize this program and to ask questions about it, an opportunity of which they did not take any advantage at that time.

Mr. Churchill: That is not right as I shall demonstrate later today in my remarks, if you wish. I have been reading *Hansard,* too.

Mr. Pearson: I read the statements of the Prime Minister and of the Minister of National Defence who I thought would be the authorized critics in the opposition in regard to national defence at that time. Let me make it clear that I am not taking exception to what the minister said today about that background. It may very well be that conditions changed during the course of a year and a half or two years requiring some change in our defence policy but this government has been in office and in power for some 20 months now and in the light of some of the things the minister said this afternoon about the capacity or lack of capacity of this particular Arrow aircraft, and especially its radial action, I am amazed that if the government felt that way about it, it waited until February of 1959 to take this action.

The minister pointed out that during all these months it had been made quite clear to parliament and the people that the decisions taken from month to month—I believe they were reviewed every six months—were all tentative and were known by parliament, the people of Canada and the company to be

tentative, but there were statements placed on the record at that time which gave a rather different impression from that the minister created in his statement this afternoon.

The minister will remember—and I have already put this on *Hansard*—that in the committee on estimates which met last summer and which was privileged to have a visit from the minister, he said, as recorded at page 325 of the minutes of the proceedings of that committee of July 4, 1958:

> For several years at least after the introduction of the ICBM the manned bomber will be an effective means of delivering attack with the degree of accuracy required.

At the same meeting he later went on to say:

> There are important factors necessitating the use of manned interceptors in the air defence system for many years; indeed, as far as we can see into the future.

And later:

> The supersonic manned interceptor is the development of a proven weapon, whereas the long range surface-to-air missile is as yet untried.

Those were statements made last summer. Then the Prime Minister in September made the statement to which the minister already referred this afternoon which was understood to alter completely the picture that the minister had painted to the committee and yet, though as the minister said this afternoon that should have been taken by the company as the end of the CF-105, the final decision was put off. In the words of the statement itself, it was put off "because there was danger in the Far East." There was danger in the Far East last September and there is danger today in both western Europe and the Middle East. If the international situation was a valid reason for not intefering with this project in September of 1958 it is an equally if indeed not a more valid reason for not interfering with it some months later in February of 1959.

The minister will remember the words he used in a speech delivered at Chilliwack in October in which he pointed out that the CF-105 was finished. I believe the words he used were, "it is obsolete before it has completed its development." Perhaps at that time the company may have had some reason to think that the project was about to be ended but in November there was a statement made by the former chief of the Canadian air staff, now the deputy director of NORAD, which again took the other view. The CF-105 in his view was an essential weapon in our armoury for defence. Certainly that statement gave the impression that perhaps reconsideration was being given to this matter by the government.

The Minister of National Defence in the press conference he held on that very day certainly seemed to agree with the statement of Air Marshal Slemon. In contrast to the statement he made a month earlier in British Columbia the minister on November 25 in a press conference said that the R.C.A.F. would require a manned interceptor for some years to come. He is also reported in the press as having said:

> What we decided last September was not to produce the Arrow under the conditions that surrounded Arrow production at that time. Let the makers re-examine the cost and then we will know where we are going.

I gathered from the minister's remarks this afternoon that the makers did re-examine the costs. I asked the minister whether the results of that re-examination were seriously considered by the government in the presence of those who made them and whether there was that kind of discussion between the government and the company which surely should have been held before any final decision was taken. I am informed—and I asked a question related to this of the minister this afternoon—that the last occasion on which Mr. Crawford Gordon of this company saw the Prime Minister was on September 16, 1958. At that time Mr. Gordon gave the Prime Minister a brief in which he warned the Prime Minister about the consequences of the termination of the contract in terms of jobs and unemployment and that he also advanced at that time a number of suggestions. One of those suggestions was that the government and the company set up a joint committee to explore the possibilities of what might be done. I ask the government whether any steps were taken to that end.

This afternoon I asked the Minister of National Defence whether the government had even discussed this termination with officials of the company before the statement of last Friday was made and all the minister was able to say in reply was that the officials of the company and of the government were going back and forth and were in contact with each other. With great respect I submit that did not answer my question.

In any event, surely this was an uncertain attitude on the part of the government. To say the least, it was uncertain because the company had some reason to believe that perhaps the government was changing its mind; that no final and irrevocable action had been taken, because if that had been done surely the company would not have been expected to learn of that decision from the columns of the press or from the radio, which we are told is what happened.

In regard to this change of atmosphere in November, arising out of statements that

had been made, there was a paragraph in the Ottawa *Citizen* of November 13 which I think fairly reflects the general situation. That paragraph was under the by-line of Mr. Don Brown, who had been doing a series of articles on this matter. He had been very well briefed and he said:

> There is a growing feeling in the R.C.A.F. and in the aviation industry that (the government) will take another look at the situation and reinstate a production program of manned aircraft to carry the R.C.A.F. through the transition period from the manned to the guided missile.

Then we know what happened. Without warning, without discussion with the industry, without any opportunity being given to discuss these matters in parliament, rejecting the request that we had made in the opposition for a complete and searching inquiry into these defence matters, indeed, without making any reference to these requests which had been made on this side on more than one occasion, the Prime Minister issued his bleak and negative statement of last Friday, a statement which the company learned of from the columns of the press. That, Mr. Speaker, is our major indictment of the government in regard to this matter. There were no discussions, no planning, no alternative except in words in a statement, and certainly the statement of the Minister of Defence Production has provided no alternative of any kind today. The sudden, irrevocable—or perhaps it is not irrevocable, perhaps it is not too late yet—almost brutal decision which put 15,000 men out of work in a few hours was made because, said the Prime Minister, "This project was overtaken by events".

I ask the Prime Minister, did he and his government try to direct, to manage, to cushion the impact of those events so that if this decision had to be made it could have been made in a more efficient and in a better way than it was made by this sudden statement last Friday? The hon. member for Trinity (Mr. Hellyer) has already emphasized this. Could the members of the government not have got together to see if something could not have been worked out so that there would not have been this sudden dislocation in this vital defence industry?

What were the reasons given in the Prime Minister's statement as to why this had to be done, reasons which were in some respects repeated by the Minister of National Defence this afternoon? The Prime Minister said, as reported at page 1221 of *Hansard:*

> Thus the threat against which the CF-105 could be effective has not proved to be as serious as was forecast.

The Minister of National Defence underlined and emphasized this reassuring observation this afternoon, but he did not give us much evidence except that Mr. Khrushchev had said the manned bomber is not as dangerous as it was. I do not believe the Minister of National Defence is so naive that he is going to base the defence policy of our country on statements by Mr. Khrushchev. The Prime Minister also said, and I am quoting again from his statement of last Friday:

> During 1959 and 1960 a relatively small number of modern bombers constitutes the main airborne threat.

The Minister of National Defence repeated these reassuring words this afternoon; but I would like to know the evidence for that because while this undoubtedly may be true—and I know there is much information that the minister cannot possibly give the house and we are not asking for it—I also have read all the proceedings of the hearings of the congressional committees on defence, both in the senate and in the house of representatives, dealing with this question, and some of the senior serving officers of the United States armed forces do not have that kind of reassuring view of the offence capabilities of the modern soviet bomber.

Then the Prime Minister went on in the statement to say:

> It is considered that the defence system of North America is adequate to meet this threat.

That is, the threat of the bomber, not, of course, of the missile. Perhaps we will be told in plain terms what is meant by the statement that the defence system of North America is adequate to meet this threat.

I should like to quote back, if I had the time, some observations that the minister made in the estimates committee in regard to the nature of this threat and in the inevitability of some bombers getting through. The minister said this afternoon—and I am paraphrasing what he said; I hope I will not do him an injustice and if I do, I am sure he will interrupt me—if the Russians, however, change their plans and their production plans in regard to jet bombers and if they should manufacture new ones, or if they add to the Bisons and Bears which they now have, then, of course, we can alter our plans, too. No doubt by "we" he meant North America. If something is not done, Mr. Speaker, it will be too late to alter any plans in so far as the CF-105 is concerned.

Now from these statements surely we are entitled to draw the conclusion that this decision, when it was made last Friday—now, I am not talking about the way in which it was made—must have been based, as the minister himself said at the very end of his statement, on strategic considerations as well as on financial considerations. We would

like to know, because it is of vital importance in regard to this, when will the major threat be nuclear weapons, missiles rather than bombers?

Mr. Pearkes: I can answer that right now. The best military advice we receive is that they will be a major threat by mid-1960.

Mr. Pearson: The minister says the major threat will be by mid-1960 and we are in 1959 now. That is a year and two or three months from now. The major threat will be missiles and bombers would then presumably be a minor threat. But in his statement the Prime Minister said that the major threat will change to missiles by the middle 1960's. On Friday last the Prime Minister said:

> It is considered that the defence system of North America is adequate to meet this threat.

That is the bomber threat as it is now. I continue:

> Potential aggressors now seem more likely to put their effort into missile development than into increasing their bomber force. By the middle of 1962 the threat from the intercontinental ballistic missile will undoubtedly be greatly enhanced in numbers, size and accuracy, and the ICBM threat may be supplemented by submarine-launched missiles. By the middle sixties—

Not 1960 but by the middle sixties, from 1965 on.

> —the missile seems likely to be the major threat and the long range bomber relegated to supplementing the major attack by these missiles.

That, Mr. Speaker, is a very important discrepancy between the Minister of National Defence and the Prime Minister in the analysis of this vital defence picture. Indeed, over the air on television last Friday the Prime Minister said that by the time the Arrow would be available the missile would be the major threat and because of that the Arrow would be—these were the words he used—"ineffectual and inoperative." If the Prime Minister was right Friday night and if the Arrow would have been available by 1961, then the Prime Minister could not have been right in this formal statement when he said that the missile would only be the major threat in the middle sixties.

Mr. Fulton: He did not say "only".

Mr. Pearkes: He said it would be the major threat in the middle sixties.

Mr. Fulton: But he did not say "only" in the middle sixties.

Mr. Pearson: The Minister of National Defence has said that it will be the major threat 15 months from now.

Mr. Pearkes: It will be and it will continue to be the major threat for many years to come.

Mr. Pearson: All right. The words of the Prime Minister and the Minister of National Defence are on the record and they will speak for themselves. But surely they do underline and emphasize what we are trying to point out here, that there has been confusion, uncertainty and fumbling not only in respect of the decision taken but the reasons for the decision. This is far too important a matter to have that kind of uncertainty.

Now, Mr. Speaker, what is to take the place of the CF-105, the Arrow, in defence against bombers which are now the major threat and will shortly be at least a supplementary or minor threat? In his statement last Friday the Prime Minister said, as found on page 1222 of *Hansard*:

> The development of interceptor aircraft that is now proceeding in the United States and abroad is on different types.

"Different types". Presumably that would seem to explain at least in part why the CF-105 contract was terminated. I wonder whether we can get an answer to the question, what are these different types and are they being considered as alternatives to the CF-105? What new types of manned interceptors can be in the minds of the government as alternatives to the CF-105 and as alternatives to the CF-100 which is now our main defence in the field of manned interceptors against hostile bombers?

The Prime Minister said in his statement and the Minister of National Defence repeated it this afternoon that the CF-100 is still an effective weapon in the defence of North America and that presumably it can do the job so far as hostile jet bombers are concerned. If that is the case, why is it then that we are not manufacturing any more CF-100's? What happens when we run out of CF-100's? They are effective to do the job now and no provision is being made for a manned interceptor to take the place of the CF-100. But the minister was not quite as optimistic and encouraging about the effectiveness of the CF-100 when he spoke to the committee on July 6 last. As found on page 337 of the committee proceedings he is reported as saying with regard to this plane:

> In a few years' time it may become obsolete, but at the present time . . . the CF-100 is capable of meeting and engaging the majority of the bombers which Russia might have available to attack this country.

Not capable of shooting down Russian bombers but capable of engaging the majority of Russian bombers which might attack this country. That does not give you the impression that the CF-100 in its present form is capable of dealing with the most

modern soviet bomber threat. On the same page the minister went on to say:

> Perhaps the most efficient ones—

That is, hostile bombers.

> —which the Russians will have in the very near future could not be engaged by the CF-100 in its present form; but if we can add certain other equipment to the CF-100 . . . then I believe the CF-100 will be able to engage effectively the majority of the Russian bombers.

A defence interceptor that can only engage the majority of enemy bombers surely is not one which we can rely for our defence in this country at this time. Yet we have no information as to an alternative or substitute for the CF-100. All we were told in the statement last Friday was that the Minister and his officials were giving further study to the matter. In February, 1959 they are giving further study to what will take the place of the CF-100, and it is not going to be the CF-105. If they have been engaged in these further studies, and they must have been for quite a long time, I ask the minister why these studies were not concluded before such an important decision was taken, before such an important change was announced to end the Arrow and perhaps disrupt an important section of the air industry. I ask him also, or someone else who will reply for the government, do these studies contemplate the purchase of aircraft from the United States or from the United Kingdom to replace the CF-100 or will they perhaps make possible the manufacture of another aircraft in Canada under licence? Could this perhaps have been done by A. V. Roe after cancellation of the CF-105? While these studies are taking place, what is going to happen to the aircraft industry?

This afternoon the minister gave us a good deal of information about the CF-105 some of which, I confess, was quite new and discouraging to me. He gave us a good deal of information also as to the amount of money that had been spent on the CF-105. He gave us estimates of the cost per plane, estimates which seem to have varied steadily from the first time the CF-105 was mentioned. I can understand that up to a point because as the nature of the bomber threat increased from 1953 on and as we learned more and more about the increased capability of Russian jet bombers, naturally there had to be changes made in the planning and development of a manned interceptor to meet these bombers.

But I have not yet been able to get clear in my own mind why there should be such a discrepancy between the cost per plane as given by the Minister of National Defence, let alone that given by the company, and the amount given by the Prime Minister in his statement last Friday, which was $12½ million per plane to be reduced to $8½ million per plane if certain steps were taken. Before the committee on July 5 last year, as found on page 338 of the committee proceedings, the minister agreed that an estimate of $4½ million for each plane for a total of 100 was a reasonably approximate figure. Perhaps the minister will remember that. How has that figure gone up to $8½ million or $12½ million in the Prime Minister's statement?

The minister said also that the figure of $4.5 million of last July would be lower if more than 100 were ordered, and the company has said it would be much lower. Also on this subject of cost, on page 343 of the committee record the minister said he agreed that the Orenda Iroquois engine costs considerably less than inferior equipment built elsewhere. Of course, some hon. members will recall that an official estimate of cost was put on *Hansard* last year by the Secretary of State (Mr. Courtemanche) when he gave the figure for pre-production costs of $6.1 million.

Now, the CF-105 is not to fill this gap. The CF-100 is, in my view, not effective to fill this need. It may be at the present time, but it is not going to be effective much longer. If it were effective, we would not have stopped producing it. What then, apart from the study that has been given the matter, alternative can there be? Of course, it is the Bomarc, not perhaps as an alternative but as a supplement to the CF-100. The Minister of National Defence, speaking before the committee again last July, stated that the Bomarc will not replace the manned interceptor. It is supplementary to the manned interceptor and he said that was his firm conviction.

However, this particular missile which is to be supplementary to and not replace the manned interceptor may be out of date before it becomes operational in the R.C.A.F. It may be an obsolete missile before the CF-105 could ever become obsolete as a manned interceptor. Indeed, in the Ottawa *Journal* today there is a statement by the Canadian Press to the effect that the defence department is already thinking of the possible replacement of the Bomarc anti-aircraft missile, and this before we have got it.

Are we then, Mr. Speaker, running the risk of adding to our armoury instead of the CF-105 a missile manufactured in the United States which will not be effective for the purpose for which it is intended? The minister gave some information about it this afternoon. His figures did not, in some respects, agree with the figures I have secured

from other sources of information. His are official, of course, and we must accept them. He did not give us the range because he said it was a matter of security. The range of the Bomarc has been given in congressional hearings in very considerable detail as being between 250 and 300 miles at the present time, to go up to 400 miles with the addition of new equipment. The ceiling the minister said this afternoon, and I got this figure also from United States official sources, is about 75,000 feet. We are not informed that there is a 50 per cent chance of this missile not functioning.

If the cost is $500,000 per missile, which is the figure I was able to secure but which apparently is not correct, and there are 120 to a squadron you have a cost of $60 million for missiles for R.C.A.F. squadrons. These are one-shot missiles. This afternoon the minister said that two squadrons would cost $110 million, and this is for a new weapon which may or may not be effective but which is certainly going to be expensive. Those of us who are worried about the possibility of this United States weapon not doing the job it is supposed to do, if not replacing, supplementing the CF-100 or as some had hoped the CF-105, have certainly had our worry on that score increased if we can put any credence in a statement in an article in the *Globe and Mail* this morning from its Washington correspondent, Philip Deane, who said that a growing anxiety has been created in the United States as to the effectiveness of this weapon.

This supplementary weapon, these Bomarcs are not to be made in this country. We had some hope last autumn that they would be produced in Canada. When the Prime Minister was asked on September 24 at a press conference, after discussion of his statement at that time about this matter, whether Canada would produce Bomarcs for United States as well as Canadian use, the Prime Minister is reported to have replied that we would start with Canadian production only. This certainly indicated that these new weapons would be manufactured in Canada under licence. The September announcement gave us that impression because one paragraph of that announcement reads:

> It is hoped that our defence industry will be able to share with United States industry in one part or another of the major programs for air defence of the North American continent, thereby providing alternative employment in the field of missiles or electronics.

Apparently nothing was done or nothing was successfully achieved in bringing about this effective sharing between Canadian and United States industries in the provision of these supplementary weapons. We have, therefore, the right to ask the government, as has already been asked this afternoon, what part is Canada to play in the industrial and employment side of the Sage program, the ballistic missile early warning system program and the Bomarc program? No light is thrown on this subject by the statement of the Minister of Defence Production this afternoon nor, except in a very minor way, by the statement of the Prime Minister last Friday.

We did learn from the Prime Minister's statement last Friday that the Bomarc would be manufactured in the United States for Canadian use and as such of course it has to fit into the United States continental defence system, with SAGE, otherwise it would not be of much use to us in Canada. In that sense, this arrangement is bound to tie us more closely to strictly United States production, United States industrial requirements. I wonder if that is why the United States is paying the cost of these Bomarc missiles for use in Canada? I understood the Prime Minister's statement to mean just that, and he will correct me if I am wrong. He said that the United States, as part of its two-thirds share of the cost of this Bomarc program will pay for, and I quote his words, "the acquisition of technical equipment". Presumably that is a reference to the Bomarc missile itself.

If that is true, is the United States likely to ever agree that missiles, paid for by the United States, will be made in Canada at any time in the future? Indeed, if they are to be weapons made in Canada for R.C.A.F. squadrons, why should the United States be asked to pay for them? Are we now, under this Bomarc arrangement, accepting for the first time mutual aid from the United States, something which we did not do during the whole course of the war? Is that the new Hyde Park agreement? If that is the case, Mr. Speaker, if the United States is going to pay for weapons used in Canada by the R.C.A.F., then one cannot help but wonder whether it would not be more consistent with our national position or national pride to turn the whole Bomarc and SAGE operation over to the United States, and do something else by way of defence which would have a Canadian character and be paid for by Canada.

If, however, I am wrong in my understanding that the technical equipment referred to in the statement of the Prime Minister is not the missile, what is it? And whatever it is, why should the United States ever be asked to transfer its production to Canada in regard to technical equipment to be paid for by the United States, and some of it at least under its control? What we want is not this kind

of arrangement. What we want is not financial help from the United States for equipment produced in Canada for Canadian forces. Surely we can take care of ourselves in that regard. What we want, and have wanted for a long time, is access to the United States market for defence equipment which can be made in Canada for United States forces; at least, give us a chance to bid on such equipment for American forces. Collective defence must mean collective production. It must mean, as the Prime Minister said in his statement, pooling of resources. If it does not mean that, and if continental defence means collective planning and operation only and not collective development of defence resources or production on a continential basis, if Canadian resources and production can be considered by the United States as insecure, then we should have a hard look at the situation and talk very frankly to Washington.

In public statements which I made in the United States—and I have been criticized in this house by the Prime Minister for making those statements—I have said that it will be quite impossible to have that kind of defence co-operation which is desirable between the two countries if we have economic and industrial conflict at the same time; and it will be quite impossible to have collective defence for one aspect of defence, and separate defence for the industrial and economic aspect of defence.

One might say that if we criticize the government for not having driven this home to the United States in connection with the CF-105 program in a way which would have secured some orders from the United States which might have made this program more economic than it otherwise would be, why did we not do this while we were in office during the earlier days of the program? The answer to that is quite a simple one. The minister of defence of that day took the question up with the defence authorities in Washington when we were beginning a prototype in the very early days of development, and he got an encouraging reaction at that time it is true. Later the reaction was not so encouraging. However, it must be clear to every hon. member of the house that the United States was not going to commit itself to a contract to purchase a weapon which had not been tested and had not been flown. Once the CF-105 showed itself to be the effective weapon which the Prime Minister's statement said it was, that was the time to take the matter up in a very vigorous way on the highest governmental level with the authorities in Washington.

The minister said he discussed this matter in Washington. He said he discussed it in Paris at the NATO meeting, at which I believe he and his colleague from Washington took advantage to have a meeting of the joint committee of defence ministers. But if the minister on that occasion was not successful, and if it was decided by the government that it would be impossible to go ahead with the CF-105 program without some kind of order which would cushion expenditure for Canada, then I hope it was made perfectly clear to the authorities in Washington that if that was their final and irrevocable decision in respect of a weapon which was now admitted to be a going concern we would have to review very seriously the whole question of continental economic and industrial collective defence.

Mr. Churchill: May I ask the Leader of the Opposition (Mr. Pearson) a question?

Mr. Pearson: Yes, certainly.

Mr. Churchill: After that review, would the hon. member advocate going as far as is proposed by the hon. member for Assiniboia (Mr. Argue)?

Mr. Pearson: Mr. Speaker, there is no way by which we in Canada can dissociate, or should try to dissociate, ourselves from the United States in the defence of our country, of our continent, and of the free world. It is obviously impossible, even if it were desirable, which it is not. The Minister of National Defence said today, and I was amazed to hear him say it, that some years ago we stood alone in the defence of this program. They were the words he used, "We stand alone". He also said there was no planning for continental defence in those years—

Mr. Pearkes: No agreement.

Mr. Pearson: No formal treaty or agreement. Perhaps I might remind the hon. minister in regard to that rather shattering statement that we have never stood alone in regard to collective defence at any time since world war II. We were among the leaders in building up an Atlantic system of collective defence, which included the United States. As the hon. minister and other hon. members of the government have more than once told us, there was a North American region of NATO. And NATO was founded in 1950. If there was a North American region of NATO in 1950, how can he say that we stood alone in regard to continental defence? Of course, we do not stand alone, and we cannot stand alone.

I am not suggesting that we should go to the United States and say that if they do not do a certain thing we will withdraw from the NATO alliance or the western association, or anything like that. Of course that would

be ridiculous. But I do suggest to the government that they let the United States authorities know in no uncertain terms that rather than continue the process of tying our defence resources to the United States in such a way that we get only tag ends of orders and nothing else, instead of allowing Canadian squadrons to be armed with missiles made in the United States and paid for by the United States taxpayer, we might have to see whether we can work out a new system of defence planning and development, or at least explore the possibility of co-operation in this field with Great Britain and the European members of the North Atlantic alliance.

We cannot possibly divorce ourselves from United States contact. The hon. gentlemen opposite are always the first to state that we should be moving our lines of contact across the Atlantic. I wonder whether the Minister of National Defence has considered the possibility of replacement of the CF-105 with British production and some kind of agreement in regard to continental defence? If we cannot be successful with the United States, surely that would be the second best alternative.

The normal, natural and sensible thing to do is to work out the kind of continental arrangements which we had with the United States during the war, which worked very successfully. For some years after the war that arrangement was not necessary in the way it was during the war, because we were building up NATO and building up the kind of armament development under NATO which emphasized the importance of the western European front. Then a few years ago it became quite clear—and the Canadian delegates of the NATO council were among those who did their best to make it clear—that perhaps the most important NATO front was North America. I think that became clear once the Russians were able to develop jet bombers followed by intercontinental ballistic missiles. Once it became clear that the Russians had the capacity to attack the industrial production of the United States, the Canadian arctic became the NATO major front, and from that day on the United States should have been aware of that fact, not only in planning and operation but in industry and production, and I hope it is not too late to make them aware of it yet.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Pearson: Mr. Speaker, when we rose at six o'clock I was discussing one very important aspect of this question, namely, the relation between the defence industries of the two countries and the necessity of making collective defence mean more than the placing of Canadian air squadrons under NORAD.

In his statement last Friday the Prime Minister said that the government intends that Canadian forces shall be well trained and well equipped for the Canadian share of these tasks in a balanced collective defence. It does not seem to me possible that we should be able to achieve this ideal of an appropriate Canadian share in a balanced collective defence if we do not have a Canadian defence industry including an aircraft production industry, and it does not seem to me we shall be able to have such an industry if our scientists, our engineers and our technicians leave this country to take up employment in the United States. When the Prime Minister makes a statement such as I have mentioned, we ask ourselves: what is to be the Canadian share in this balanced collective defence? Is what we are now proposing to do by the cancellation of this contract and in the working out of alternative methods of defence, the course for which we are particularly qualified, or are we from now on merely adding our bit to what is predominantly a United States effort? Does the United States government accept, as it used to accept at the NATO council meetings in Paris in earlier years when we were talking about NATO forces with regard to continental defence, this concept of balance, this concept of togetherness in the development of defence resources and in the manufacture and development of defence equipment, or does it merely accept this concept in terms of operation and planning? The worries we have had on this score—worries which have been increasing over the years—must, I think, be much greater now in the light of the decision which the government has found it necessary to make and in the light of the statement made by the Minister of National Defence which gives us so little hope of sharing in any real way in continental defence resources and defence projects.

The Prime Minister's statement attempted to apply this principle of balanced collective defence to the co-operation between the two countries in the use of nuclear warheads for defence, tactical weapons. I do not think that attempt was a success. The statement had a good deal to say about this subject, and no subject could be much more important. The Prime Minister said in his statement that we did not intend in this country to produce or manufacture nuclear weapons. We on this side certainly have no quarrel with that. As I said the other day in the short statement I made following the Prime Minister, it is

bad enough in this world to have three countries manufacturing nuclear weapons of mass destruction; it would be infinitely worse if this were to be extended. There is no reason I know why Canada should get into the field of manufacturing nuclear warheads or nuclear weapons of any kind.

The Prime Minister told us in his statement that questions connected with the acquisition of nuclear warheads were being studied but that no agreement had yet been reached with the United States. I wonder why it has not yet been possible to reach an agreement with the United States? Any search for such an agreement, according to the Prime Minister's statement, should reflect certain basic considerations. The first of these—and I am paraphrasing the statement—was that we should continue the international effort to ban nuclear weapons within an acceptable disarmament agreement. I would say that with regard to this we are entirely in agreement.

The Prime Minister also said that under any such agreement with the United States, or, I assume, with any other country the necessity of Canadian forces having the most modern and effective weapons must be recognized. We also agree with that. Then the Prime Minister's statement went on to say that because of the importance of limiting the spread of nuclear weapons to other countries—and I am paraphrasing the statement, not quoting it—the ownership and the custody of nuclear warheads should remain in United States hands and the requirements of United States legislation would apply.

I think perhaps I should quote that particular paragraph because it seems to me to be of very great importance indeed. The statement reads:

> Believing that the number of nuclear weapons at the independent disposal of individual nations should be limited, we consider it is expedient that the ownership and custody of nuclear warheads should remain with the United States.

With that statement, Mr. Speaker, we do not agree. We think on this side of the house that if nuclear warheads for defence weapons such as the Bomarc or for missiles which could not be used for anything but defensive purposes are supplied to Canadian squadrons or to Canadian formations they should be under Canadian control, and that arrangements to this end should at least be attempted with the United States authorities.

This does not involve the manufacture of such weapons. It does not involve the installation of manufacturing capacity for such weapons. But surely, as I have said before, it is an intolerable position to say in respect of a Canadian squadron on a Canadian establishment using Canadian weapons that nuclear warheads, if they are to be made available, should be under other than Canadian control while perhaps on the same airfield the same weapons, used by a United States squadron, would be under United States control.

That seems to me to be a position which is not acceptable and I hope that arrangements can be made by which the United States legislation can be altered to make this aspect of continental defence as well as some others truly continental. Surely that is possible. I know the difficulties and I know the arguments that will be advanced against it to the effect that if the United States makes this kind of arrangement for Canada she may have to make it for other countries but I suggest there is no country in the world which is being asked to work so closely with the United States in defence matters as Canada, and quite rightly, and that that co-operation in defence which is recognized by NORAD under the joint command should also be recognized by this change in the United States legislation.

Those are some of the things that have been worrying us about the decision that the government has taken, about the way that decision was taken, about the length of time it took the government to reach this decision and about the way it has been announced.

I repeat that it seems to us almost impossible to understand that 20 months after the government has taken office it has come to the conclusion that this Canadian development should cease and that having come to that conclusion after 20 months it should have announced it in the way it did last Friday without warning to those concerned.

Earlier this afternoon when I suggested that hon. gentlemen opposite when in opposition did not seem to have taken exception to this, worried too much about it or asked questions about it, the Minister of Trade and Commerce (Mr. Churchill) indicated that at that time he had shown some uneasiness about it and would be able to quote from *Hansard* to that effect. If the minister felt that way at the time and if other members of the present government shared his feeling about the development of the CF-105 it is all the more difficult to understand why, having come into office, they did not at once take this matter under consideration. It took this government only two or three weeks to put Canadian air defence squadrons under NORAD but it has taken it 20 months to decide to cancel this Canadian air development.

The matter has been expressed very effectively indeed in an editorial I have in my

hand. These will be my closing words and it is perhaps appropriate that they should come from an editorial which appeared in the Toronto *Globe and Mail* of February 21, 1959, in which it is stated:

> The Prime Minister's judgment on the Arrow and its future must as we have said be accepted.

I hope that that judgment can even now be reconsidered. The editorial continues:

> The fact remains, however, that the government has no program or policy by which to put anything in its place. It is on this fact, we believe, that the government's decision—and the consequences thereof—must ultimately be judged.

We, Mr. Speaker, are quite happy to judge it on that consideration and when it is judged on that consideration I am certain it will be condemned by the people of this country.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, at the expense of reiteration I refer to the fact that the motion before the house is asking authority to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance involving mass layoffs and the threatened disintegration of the aircraft industry in Canadian defence production. Speaking on behalf of the government this afternoon, instead of relying on the technicalities of the rules which no doubt would have given rise to considerable argument, I stated that we welcomed the opportunity for the discussion in order to clarify many of those things which in the course of the last two or three days have been encumbered by misrepresentations and conclusions not warranted by the facts.

I sat here this afternoon and listened with interest to the speakers who have participated in the discussion on behalf of the opposition. While in general they have indulged in continuing criticism it is interesting to observe that when they had the opportunity of offering suggestions as to what might have been done in regard to this question none was forthcoming—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: We are now hearing, Mr. Speaker, the same old chorus, the same old songsters singing the same old song. They sing it because they had nothing to present but criticism. Hon. gentlemen opposite found themselves in rather a difficult position. The allies of recent date of economic and social planning found themselves separated this afternoon when even the Leader of the Opposition (Mr. Pearson) found himself unable to accept some of the statements made by the hon. member for Assiniboia (Mr. Argue) in respect of the question of United States dominance of Canada.

I intend simply to remove immediately one or two misapprehensions concerning matters which I feel should be clarified. This afternoon we listened with interest to the hon. member for Assiniboia dealing with the question respecting the cancellation of this contract. As I listened to the hon. gentleman I wondered if my recollection of his former words was correct and so I looked back and found an interesting statement attributed to that hon. gentleman at page 1062 of *Hansard* of November 13, 1957, when he directed a question of some interest to me in the following language:

> Has the attention of the Prime Minister been drawn to the reported statement of Lieutenant General Simonds that if the $300 million wasted on that dead duck the CF-105 had been used to stockpile Canadian wheat in Europe it would have been spent to much greater advantage?

The voice of November 1957, is a different voice from that of February 23, 1959. The hon. gentleman then went on to say:

> Has the Prime Minister considered a substantial reduction in current military expenditures and would he consider using any moneys thus saved to stockpile wheat in Europe, or otherwise to give economic assistance to the free nations?

Mr. Speaker, to which voice shall we listen? Which is the voice of authority, the one in 1957 when it described the CF-105 as a dead duck, or the voice of today?

As I listened to my hon. friend the Leader of the Opposition I observed that he too found himself in some difficulties today. He had expressed a different point of view at other times. I was not quite able to follow him today as to whether he is for or against the CF-105 being continued. He spoke on both sides of that question; whereas, only a few months ago in a statement he made at Edmonton, Alberta, as reported in the Edmonton *Journal* of October 3, 1958, he said:

> We decided when in office two and one-half years ago to go ahead with the CF-105 and review it year by year in the light of developments.

Then, he went on to say this:

> The Liberal government had reviewed its decision every six months. Had the Liberals been in office when the first ICBM was fired Mr. Pearson said, "this would have been a major factor in possible revision of our decision."

Then, he went on to say:

> The Conservative government should have cancelled the Arrow production order this fall instead of waiting until next spring. How much is going to be spent on the Arrow between now and then?

Mr. Pearson: On a point of order, Mr. Speaker, this particular quotation was put on the record once before by my hon. friend. It will be found on page 56 of *Hansard* of January 19. I rose at that time and denied it. I said I had the text of what I said,

which did not bear out the press statement quotation. I also said I had denied it to the press a day or two after it appeared and the Prime Minister accepted my word on that occasion and now he is dragging it up again.

Mr. Diefenbaker: I notice there were no denials at the time.

Mr. Pearson: There was a denial at the time, Mr. Speaker, as I have just said.

Mr. Diefenbaker: Well, I am reading from the Canadian Press again as reported in the Ottawa *Journal* of that day:

> He said the Conservative government should have cancelled the Arrow production order this fall instead of waiting until next spring. How much is going to be spent on the Arrow between now and then?

The hon. gentleman now says—and naturally I accept his denial—

Mr. Pearson: On a point of order I said it on January 19 last and the Prime Minister accepted it then and he had better accept it now.

Mr. Diefenbaker: I must necessarily accept it and of course I do, but I still refer to the fact that the Canadian Press carried that story and one or two other newspapers.

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. When one hon. gentleman rises in his place, as the Leader of the Opposition did some weeks ago, and denies a statement, under our rules it is not open to any hon. member, by any device whatsoever, to refuse to accept the statement of an hon. member who speaks against an alleged statement, and the Prime Minister is now resorting for the second time to a course which is a violation of the rules of the house.

Mr. Diefenbaker: Mr. Speaker, possibly I might read another portion of that and see whether or not it too is denied:

> Liberal Leader Pearson, speaking to the Liberal association of Alberta, urged a thorough re-examination of Canada's defence policy and its economic implications. He suggested Canada may be getting in too deep.

Does he deny saying that?

Mr. Pearson: Mr. Speaker, I do not deny that at all. Under this government we are getting in too deep.

Mr. Diefenbaker: Mr. Speaker, the only definition that I can give to the expression that Canada is getting in too deep is that expenditures such as the CF-105 represent too great a contribution to one phase of defence and place Canada in a position where it cannot properly discharge its responsibilities otherwise. I go further. As he spoke this afternoon he made much of United States influence. How he spoke of it in those lachrymose tones. Well, he said that we had never had anything like this before.

Mr. Pearson: Quite true.

Mr. Diefenbaker: In fact, since we heard him this afternoon he said the same thing over the national radio. I got the speech twice, once this afternoon and again this evening and he went on to say that never before had there been anything like this cost-sharing of the Bomarc. It is not heard of: This is mutual aid. You remember those words. How foreign it was to him that the United States should be spending money in Canada or sharing in our defence. Well, sir, in building the D.E.W. line they did not share with us; they paid it all. Did it shock the sensibilities of those hon. gentlemen then, when the United States came into Canada and instead of Canada participating in her own defence and paying the costs of this line for radar defence, the United States paid it all? But, then, he went on to say that this thing had never been heard of before. We have got to put a stop to it. On the Pinetree line the distribution of expenditures as between Canada and the United States is exactly the same percentage as it is in connection with Bomarc.

I wonder why statements such as these should be made, why there should be such shock exhibited on the part of the Leader of the Opposition who referred to this outrageous thing, the United States coming into Canada and contributing by way of mutual aid. This has been the course followed during the last several years, during the period when he was a minister of the crown.

Having cleared away some of this underbrush, may I now proceed to say something more. It is interesting to see his attitude with respect to the CF-105 and the cancellation of this project. He did not say what he was reported to have said at Edmonton to the Liberal association but, I call witnesses on this behalf respecting the tremendous change that has taken place in the last two years, the technical revolution, the like of which has never taken place in the history of mankind. In the intervening years since the CF-105 was first considered on the drawing table we have had the sputnik and the lutnik. We have also had the ICBM. We have had tremendous changes in the last few years. The hon. member for Trinity referred to the fact that it is 50 years ago today that the Silver Dart was flown, the first flight within what is now the British commonwealth of nations. There have been tremendous changes in those 50 years, but nothing like the changes in the last few years.

I am not condemning the Liberal government for what it did in laying the foundation of the CF-105. It did so on the basis of the information that it had at that time. It had no realization, nor did mankind anywhere in the free world, of the vast potentialities in nuclear weapons. Indeed, only last evening I was reading Kissinger on "Nuclear Weapons and Foreign Policy". He pointed out this fact, that as late as 1947 Admiral Chester Nimitz said, "There will be no ICBM's in my lifetime." At the same time it was stated that if there were any continental missiles at all or any long distance missiles they would not within the lifetime of man—this was the viewpoint of the navy of that day—go beyond the distance of a thousand miles.

I am not condemning the last government for its stand. We may disagree on many things. In the large field of the maintenance of our security and freedom there is much range for disagreement as to the means taken, but no disagreement as to the objective. Who was the man who, above everyone else, had a viewpoint with regard to the CF-105? That man was the Right Hon. C. D. Howe, to whom the hon. member for Trinity (Mr. Hellyer) has referred in the most eulogistic terms on more than one occasion. What did Mr. Howe say the other day in Toronto? I quote from the *Globe and Mail* of February 21:

> The man who promoted the Arrow program in the St. Laurent government said yesterday he was sorry to see it abandoned. C. D. Howe, former production minister, emerging from a directors' meeting at Bay street offices of Rio Tinto Mining Company of Canada, commented: "I am sorry to see a program abandoned that interested me very much", he said. He said the costs of the program were a terrible load and the present government must have decided the costs were too great. "The cost of the Arrow certainly astonished me", said Mr. Howe.
>
> The former production minister, who now calls himself a private citizen with private interests, defended the initial decision to proceed with the Arrow, a decision reached after the joint chiefs of staff—

I emphasize these words.

> —convinced Mr. Howe the controversial plane was vital to the country's defence.

He went on to say:

> "It seemed like the right thing to do at the time. We were convinced the plane would be needed for at least ten years." However, he admitted yesterday, that rapid development of electronics and guided missiles overtook the Arrow.

Now, sir, there is the viewpoint of the man who actually brought it into being, who was convinced by the chiefs of staff that it was the proper course to follow. He is a private citizen today, and I emphasize again that the statement he made was that "the rapid development of electronics and guided missiles overtook the Arrow".

There is another thing I have been impressed with today, the degree to which one person in this country has been entirely forgotten. Continue the expenditure, they say. Why was it stopped? Well, sir, it was stopped for the reason that the chiefs of staff, who advise in their wisdom and on the basis of the best information they can secure, determined that it did not make sense to expend the amount in question on behalf of this phase of defence, having regard to the developments of missiles and the like in the last few years.

One of the most interesting things I have deduced from what was said today is this. Regardless of the advice of the chiefs of staff and their general view that this aircraft would to all intents be obsolete by the time it became available for squadron service, apparently those sitting opposite would have the government squander nearly $800 million of the taxpayers money, not to secure adequate defence but simply to carry on a project that in the light of events, whatever the justification at the beginning or subsequent decisions made, was presumed and intended to be reviewed at the end of each six months or one year.

I start with this. Do not tell me that it was an easy decision for the government to make. Do not tell me that we did not have full realization that in taking this step there would be many who would condemn. Governments have responsibilities. Governments must carry them out regardless of the immediate popular reaction. Governments have a responsibility to do that which they believe to be right on the basis of the best information they have available, that information weighed in the light of the experience of each of the individuals making up that government and having regard to all the circumstances. I say, that as long as I am in this position, whatever the consequences may be, if a decision requires to be made that may not have a popular reaction at the moment, if that is the right course to take then it must be taken by any government with a sense of responsibility.

I intend to trace in general the events of the last few years. I mentioned the technological changes that have taken place. I mentioned as well that other viewpoints were expressed. Only today I noted in a newspaper published last Saturday a reference to the fact that one former member of the house took a strong stand some years ago. I refer to the former leader of the C.C.F. in this house. Several years ago he said that the Arrow would be obsolescent before it was operational. However, that was not the view of the government of the day. No one is

criticizing that decision now. But when in the light of events, with all the factors before them, ministers of the crown decide that a course is necessary to be taken, then that course, if right and proper, denies them any retreat to a position similar to that in which governments in Europe found themselves during the 1930's. They refused to take courses which they knew were right, as their prime ministers subsequently admitted, because they were afraid of the political consequences that would follow such action.

In that connection I think I can do no better than to refer to an editorial in the *Christian Science Monitor* of January 31. Similar arguments are taking place in the United States. The title of the article is, "Put Defence Above Politics." The article reads as follows:

A wise man once said that military questions are too serious to leave to generals. Democratic nations have found it well to place defence under civilian control. Under this system political leaders resolve differences among military experts.

Then it goes on to summarize what I believe is the attitude that we must take, and I think that in the days ahead the Canadian people will more and more realize that we have taken a course that is the only one in accord with our responsibilities. The article continues:

Defence is too serious a matter to leave to partisan politics . . . The nation can afford whatever is really required for defence. Indeed, it cannot afford anything less.

Then it goes on:

But let us also recognize that strong forces are operating which would push defence expenses to unnecessary and wasteful levels . . . Perspective is essential.

It finally ends up with this:

We are not wholly satisfied with the administration's defence program, but it is a considered program and it deserves questioning on specific points, not alarmist or partisan attacks.

I think that is fair; that fairly expresses the situation. Again I say, let no one say that in making a decision such as this we did it without much thought. We gave this decision weeks of consideration. In order to justify the expenditure of the taxpayer's money for defence it is necessary that it be actually useful just now, or potentially useful in the future and necessary for maintaining a potentially useful defence unit in the country.

I realize that defence production is an important weapon in the battle against unemployment. However, I say with all the seriousness that I can put at my command, that the production of obsolete weapons as a make-work program is an unjustifiable expenditure of public funds. These changes have been made in other countries. Only last summer the United Kingdom found it necessary to cancel further work on the Saunders-Roe SR-177, a supersonic fighter which had reached an advanced stage of development. The United States cancelled out two of its aircraft, the F-106C and the F-106D. Then, in the United Kingdom, the government's decision was announced by the minister of supply in these words:

While this aircraft commends general recognition as an excellent and unique design in its class, unfortunately it no longer fits into the particular pattern of the United Kingdom defence program.

I am not going to repeat what I said on an earlier occasion, but the President of the United States dealt with this matter in his address to congress. He went on to say that major national security outlays would be projected at $48.5 billion for the current budget. The problem, he pointed out—and I am dealing now not with his words but the conclusion based thereon—posed by rapidly increasing costs of complicated new weapons is a subject which should be emphasized. He revealed that the over-all cost of each Atlas missile will average $35 million, and that they are now buying bombers which actually cost their weight in gold. Then, summarizing what he said a little later on: a striking example of the switch to new weapons was revealed in the total expenditures on missiles, negligible less than a decade ago which will soar into $7 billion in the current fiscal year. I should like now to quote from the monthly letter of the National City Bank:

The process of selection inevitably has been painful for suppliers of discontinued weapons. One way to avoid dislocations and political repercussions would be to continue spending more on everything, good and poor weapons.

This was the position in which we found ourselves. The changes that have taken place in the last eight or nine years, particularly since 1946, have been such that the plans of a few years ago have been outflown by the changes in aircraft techniques during that period.

Now, an argument was raised today, generally by the Leader of the Opposition and specifically by the hon. member for Assiniboia, to the effect that in what we had done—I think the words were—there was abject surrender to the United States. I say to the Leader of the Opposition—

Mr. Pearson: I made no such statement.

Mr. Diefenbaker: No; I say to the Leader of the Opposition that when the outrageous statement was made by the member for Assiniboia, that we should say to the United States—which is joined with us in defence; which provided us with the entire expenditure of $300 million for the D.E.W. line; with that percentage of the expenditure on

the Pinetree line I mentioned a while ago, and the other line—that in collaborating together in defence we should say to them, unless you buy everything we want you to take, you will not get any bases in Canada, well, what would that mean? It would mean withdrawal from NORAD. What would our relationship be within NATO? I believe that we must strongly advocate and press upon the United States, as we have the necessity, as the Leader of the Opposition said, of the fullest co-operation in connection with production. We must do that forcibly, strongly and continually, to the end that we receive in Canada, being joined in defence, a fair and just distribution of the expenses being made jointly.

I believe that to say to the United States, on whose shoulders rests in large measure the maintenance of the freedom not only of our country but generally throughout the free world today, either you do this or you get out, is not in keeping with the responsibilities of that hon. gentleman. Indeed it could not be countenanced for a moment on the part of any nation to a friendly nation joined together in North America by the bonds of geography, common tradition and common dedication. This may sound all right in certain quarters, but it is that kind of irresponsibility that has brought about the transition from former greatness to the present numerical content of those who support that type of statement.

We need to press constantly upon the United States the necessity for giving to us, as I said a moment ago, a fair and just distribution. The Minister of National Defence (Mr. Pearkes), the Secretary of State for External Affairs (Mr. Smith) and the Minister of Defence Production (Mr. O'Hurley), have been in constant communication with their counterparts in the United States. We have not achieved everything that we want. We are not satisfied. We shall continue to press, and forcibly press.

One of the things of which I was convinced more than anything else in my tour around the world was this: Those who are joined in freedom must maintain unity with the fullest respect for the rights of each other. Economic strength must be maintained if we are to meet that challenge which in the last several months has become even more direct, particularly since Mr. Khrushchev's speech to the council during the latter days of January.

What have we done in connection with our sovereignty? As far as the DEW line is concerned, we have taken over, as was said the other day, its operational control. We are taking over the airfields in the north, and in the course of the next two or three years, these airfields will be operated by us. We are ensuring that our sovereignty over the northern area shall be maintained.

They used to speak of the vision I had of northern Canada. I spoke of the tremendous possibilities of the north, not only for defence but for economic strength and stability, and there were those who said we build from igloo to igloo. In the last few weeks we find that some 70 million acres of potential oil lands and mineral lands in the north have been taken over, thereby indicating that a major source of Canada's wealth is in that area. We must continue to assert there our sovereignty and this we are now doing, particularly, first, by occupying these radar stations in the north and, secondly, through the instrumentation of resource development in those areas.

May I say in addition that when they speak of this expenditure of some $7 million or $8 million for the CF-105 we should provide our own defence unless the United States provides it on the basis we want. Is it possible for 17 million souls to be able to make a contribution in respect of these costly weapons, these tools of defence, and endeavour at the same time to maintain a similar expenditure to that of a nation of ten times our population?

Having dealt with that, let me speak for a moment of the CF-105. The Leader of the Opposition was quite fair this afternoon when he said there were certain facts which we did not have before us. One of those facts I think will, when known by the Canadian people, begin to give them an appreciation of the areas which would have been defended by the CF-105. Most people that I have talked to have been under the impression that the CF-105 would constitute an instrument capable of protecting our northern areas. The vast unpopulated north would have available to it an air force which would be able to defend Canada against any potential aggressor. I am now reading from an article which appears in the current issue of the *Atlantic Advocate*. It is entitled "Aviation's Year of Decision". It deals with the CF-105, and it says this:

> National pride is considerably involved and is, perhaps the greatest single force behind the Arrow program, as at present outlined . . . Avro is not by any means the whole Canadian aircraft industry. Its employment figures are about one-fourth the industry's total.

Then it goes on to deal with the various types of aircraft manufactured by de Havilland and Canadair.

> The supersonic speeds of today's bombers, and the interceptors to meet them, make this vision of air "patrol" a thing of the past. The Arrow probably has a flight time of an hour, including climb to required altitude and a few minutes of

combat. This means that its operating range from base is not much more than 500 miles.

The minister placed on the record today a general indication of the area which would be protected against attacks at supersonic speeds. On the other hand, we have available to us the Bomarc, whose area of defence and defensive action is not far removed from that of the CF-105, but the difference in expenditure has been clearly set out. The cost of the Bomarc missile to Canada, as compared to the $781 million of the CF-105, is approximately $110.8 million. That represents something that must be taken into consideration, all things being equal and the defensive properties of each being about the same.

The Leader of the Opposition mentioned a while ago, in so far as the statement is concerned, that he gave no indication of the things he generally said, and I accept that. But I think I ought to point out to him too that he gave a press conference in the city of Vancouver on September 26, and he was asked there what he thought about the CF-105. He said he was not familiar enough with the details to say if Canada was justified in apparently scrapping the CF-105 Arrow fighters. The hon. member said it appeared from the government's statement that it intended to scrap the plane after next spring. Then he said—this is not the Canadian Press report of the Edmonton speech; this is the Vancouver *Sun* report of September 26—that it would be very difficult to justify the government's action in spending about $100 million on Arrows until next spring if it were only to keep jobs open. The hon. gentleman—

Mr. Pearson: Why did you not scrap it and save $100 million?

Mr. Diefenbaker: —at that time—

Mr. Hellyer: Mr. Speaker, may I—

Some hon. Members: Sit down.

Mr. Hellyer: Would the Prime Minister permit me a question?

Mr. Diefenbaker: Surely.

Mr. Hellyer: The Prime Minister said that the expenditure of the Canadian taxpayers' money on defence procurement could not be justified as a make-work program, if I understood him correctly. I wonder if the Prime Minister saw Philip Deane's article in the *Globe and Mail* this morning which said that the United States government adopted the Bomarc as a weapon of North American defence, not so much because of the missile's military merits but to avoid shutting down an aircraft firm? My question is this. Does the Prime Minister think that the spending of the Canadian taxpayers' money is justified on the procurement of a United States make-work program?

Mr. Diefenbaker: Apparently the hon. gentleman has not been in here during the last while. I have been discussing that situation and I dealt with the division of responsibility as between the United States and Canada at length. In so far as Mr. Deane's article is concerned, I am not going to say it has no basis, but certainly the information that we have from the chiefs of staff is far removed from the views of Deane.

There has been much said about the tremendous surprise which arose over the fact that we acted as we did. I have not the time to quote from the various newspapers and periodicals across this country in connection with this matter. However, if the hon. gentlemen are interested, they will read in the October 25 last issue of *MacLean's* magazine a clear interpretation of the statement which I made on September 23, 1958, to which I am going to make reference. Indeed, even before that there were editorials regarding this matter. The London *Free Press* of April 28, 1958, said this:

The decision, which may be made shortly, is whether to order this aircraft into production with a view to re-equipping our first-line R.C.A.F. fighter squadrons. It is the most expensive single decision ever to confront the defence department in peacetime. Its ultimate cost would not be far short of Canada's expenditure on the St. Lawrence seaway.

That was an understatement. Then it went on on the basis of the latest estimates which were brought forward.

It may be fine for our national ego to boast that we can design and produce a fighter plane of the Arrow's undoubted capabilities, but how large a price are we willing to pay for national pride?

And the article continues in that way.

The Victoria *Times* in an editorial on October 20, 1958, said the inside story of the supersonic fighter aircraft, the Avro Arrow, "emerges from an interesting intramural dispute among the editors of *Maclean's* magazine." The article goes on to say that the decision to be made is one which has to be based on no other consideration than that of value.

The Montreal *Star* of November 13, 1957 said:

The appalling cost of this aircraft is enough to stagger government ministers and serious people everywhere. We are a middle power with a budget and an industry to match. If this alone were not enough to give us pause, there is also the fear that the dawning of the missile era has already made the Arrow obsolete. The chief reason for building the Arrow is the fleet of bombers which the Russians are known to possess. Now we are

made painfully aware that they may be well on the way to supplanting their own bombers with long-range missiles.

The article concludes in this way:

But if our military experts feel that it was a noble try that has lost primary importance in a changing concept of war, Canada will have no alternative but to decide that the CF-105 be set aside for other projects, no matter how painful this may be to the large segment of industry that had a stake in its development.

The Winnipeg *Free Press* dealt with this on January 13, 1959:

With the opening of parliament only a few days away the Avro Aircraft company has offered its Arrow interceptor to the government at what looks, at least, like a new low price. Last fall the government decided against putting the Arrow into full production, but delayed making a final decision until March 31. The government has since been under heavy and unrelenting pressure from the aircraft industry and other interested parties to change its mind and next March bring in a decision favourable to the manufacturers of the Arrow.

The *Free Press*, which has never been noticed for its adherence to views expressed on this side of the house, went on to say:

The government doubts, with reason, whether an aircraft like the Arrow, which cannot stop intercontinental missiles, will be worth the high cost involved.

Then, again, the Toronto *Telegram*, on June 16, carried this U.P.I. dispatch from Washington:

United States defence officials said today the main reason for the continued refusal of the United States to buy Canada's Avro CF-105 fighter plane is that the Arrow cannot fly at top speed long enough.

The Arrow is capable of speeds above 2,000 miles an hour only in short bursts.

The officials said further that the United States could hardly buy the Arrow from Canada when it has suspended production at home of two very similar aircraft.

I mention these things because editorials have appeared throughout the country since last September which clearly indicated that any one reading the statement which I made, and to which I am going to make reference, realized that the major reason for the continuance of the program was the fact that at the time we were faced with a serious situation in the far east. The Leader of the Opposition says the situation is serious today having regard to what is taking place in the west Berlin area and the fact that Mr. Macmillan has found it necessary to go to Moscow and there endeavour to come to some understanding of the attitude of mind of Mr. Khrushchev, particularly since the latter has made some statements recently which could not but cause fear to freedom-loving people everywhere.

The situation is serious, but whatever that situation may be today the fact remains that on the best advice we have, the CF-105, which would not be in production until the date mentioned by the Minister of National Defence would not if it were in production today meet the potential threat as it is placed before us by those who have knowledge and experience of military affairs.

I made that clear when I issued the press release on September 23. I said at that time:

The government has concluded that missiles should be introduced into the Canadian air defence system and that the number of supersonic interceptor aircraft required for the R.C.A.F. air defence command will be substantially less than could have been foreseen a few years ago, if in fact such aircraft will be required at all in the 1960's in view of the rapid strides being made in missiles by both the United States and the U.S.S.R. The development of the Canadian supersonic interceptor aircraft, the CF-105 or the "Arrow", was commenced in 1953 and even under the best of circumstances it will not be available for effective use in squadrons until late in 1961. Since the project began, revolutionary changes have taken place which have made necessary a review of the program in the light of anticipated conditions when the aircraft comes into use. The preponderance of expert opinion is that by the 1960's manned aircraft, however outstanding, will be less effective in meeting the threat than previously expected.

I went on to say this, as contained on page 3 of the statement:

The government believes, however, that to discontinue abruptly the development of this aircraft and its engine, with its consequent effects upon the industry, would not be prudent with the international outlook as uncertain and tense as it is. As a measure of insurance, with present tensions as they are, therefore, the government has decided that the development program for the Arrow aircraft and Iroquois engine should be continued until next March, when the situation will be reviewed again in the light of all the existing circumstances at that time.

We have continued to review it, and in no way has there been any suggestion that the course which was outlined in the presentation in November should be altered at this time. I said at that time—and this was the opinion of other Canadians—that we recognized the accomplishments and the technical quality of the work done, but that to continue vast expenditures on aircraft and equipment which military and other expert opinion does not support as the best way to achieve the defence essential to our security, would not only be wasteful but unjustifiable. I also said this:

The government deeply regrets the unemployment that will be involved in the termination of the Astra and Sparrow projects and in the Avro plant at Malton. It is hoped that our defence industry will be able to share effectively with the United States industry in one part or another of the major programs in the air defence of the North American continent and thereby provide alternative employment.

That was clear. Has there been anyone who has had any doubt since? I referred to an article in *Maclean's* magazine of October 25 by a distinguished member of the press

gallery, Mr. Blair Fraser. In an editorial in the same issue, the following also appears:

> Most Canadians, we feel sure, approve the government's decision to suspend production of the very good but very obsolete fighter aircraft, the Arrow. It was a logical military decision—a decision on military affairs, arrived at for military reasons.
>
> And that, we trust, is the only basis on which this country will ever make a military decision. For a while, as the cabinet pondered its choice and even after the choice was made, some people seemed to think other factors ought to have entered into it.

However, it was generally accepted. No one misunderstood—and I intend to refer to the Avro management in a moment.

Ever since last fall there has been evidence of a continuing lobbying, of pressure to influence this government to reconsider what was to all intents and purposes a clear and perspective decision.

I wish now to draw attention to an article by Clark Davey which appeared in the Toronto *Globe and Mail* of January 9, 1959, reporting on a delegation representing 35,000 Canadian aircraft workers composed of members of the united auto workers and the international association of machinists, which delegation was led by Canadian Labour Congress president Claude Jodoin and which met with the Minister of National Defence in Ottawa. The report indicates that the delegation found no great encouragement in what the minister had to tell them and goes on to state:

> Earlier today, many members of the same delegation had joined civic and political leaders from Port Arthur and Fort William in urging Public Works Minister Green to act to keep the Canadian Car Company Limited plant, an Avro subsidiary, in Fort William.

That is another reference to an Avro subsidiary. One could also refer to another in Cape Breton, Dosco. When I read what the president of Avro says regarding unemployment I would like him to transmit some of his views in connection with some of the subsidiaries.

What did the labour leaders say, as reported by Clark Davey? Did they have any misunderstanding? In the same report we find the following:

> The labour leaders said they felt only the optimistic statements of Avro president Gordon had kept the skilled workers with the company.

That indicates that since last fall, as is the fact, the Avro corporation has continued to lead its workers to believe that there was going to be a change. That was made clear on that occasion. It was also made clear that no hope was being held out even though the situation and the critical nature of the adjustments necessary were then and are now fully realized by the government.

[Mr. Diefenbaker.]

Was there any doubt that this was not going to be proceeded with? I read from an article by Charles Lynch in the Ottawa *Citizen*:

> It's been a bad week in parliament for the A. V. Roe Company, the British industrial giant whose Canadian interests have a way of getting into the news.
>
> Biggest newsmaker in the company's array is Avro Aircraft, of Malton, Ontario, whose future rides on the government's decision about the CF-105 Arrow supersonic jet fighter.
>
> Prime Minister Diefenbaker's latest statement on the 'disagreeable course' facing the government has been widely interpreted as another nail in the Arrow's coffin.

Mr. McIlraith: Mr. Speaker, would the hon. gentleman permit a question? Would he give us the date of that article?

Mr. Diefenbaker: Yes, January 21. The article continues:

> Other divisions of A.V. Roe figured in Tuesday's Commons proceedings. Subsidiary Dosco's proposed laying off of 4,000 Nova Scotia coal miners prompted an outburst at the Roe company by Robert Muir, Conservative M.P. for Cape Breton North and Victoria.
>
> Hubert Badanai, Liberal M.P. for Fort William, criticized the company's announced plan to close its Fort William plant and transfer all commercial operations to Montreal.

This has been a strange course of action across the country. Was there a campaign launched to save the Arrow? The Toronto *Globe and Mail* of January 15 carried an article reporting on a statement by Mr. James McQueen of the international association of machinists who is reported as having said:

> We have been informed that the R.C.A.F continues to insist there is a need for a manned interceptor and we feel the $90 million annual cost for the Arrow is only a drop in the bucket in the defence budget.

The article also pointed out that a public opinion campaign in support of the retaining of the Arrow as Canada's manned interceptor had been launched.

As I said in the beginning, as much as I would like to have seen another decision reached because of the immediate consequences of the discontinuance of the CF-105, all must realize that a government must seek expert advice in the matter of defence and having obtained the best available expert advice, without allowing the military to take over, the government must accept the expert advice, consider it and determine whether or not it should be followed.

In an article by Robert W. Needham carried in the London *Free Press* of January 9 it was stated:

> Canadian aircraft workers appealed today to the federal government to order the Avro Arrow into production and at the same time to institute a program of subsidization to sustain production of commercial planes.

In essence, the government indicated a stand-pat policy on the controversial Arrow jet interceptor pending completion of testing programs. At the same time it hinted that government support may be forthcoming for the big Canadian Car Company Limited at Fort William—presumably through increased defence production department orders.

In other words, those who would attempt to have us believe that all of this came about suddenly have only to read the press to realize the futility of such an attempt. They had only to read reports of meetings with various delegations or to have got in touch with the head officers of Avro in order to arrive at a reasonable and fair conclusion.

The statement has been made that there have been no discussions and that there was no prior knowledge. I ask the vice-president of that company whether or not on two or more occasions he had not fully discussed it with members of the government and whether there was any doubt in his mind as to whether or not a decision was to be made. Indeed, during the past few months Mr. Smye, one of the vice-presidents of Avro spoke to the Minister of Transport (Mr. Hees) about the possibility of the government giving encouragement to the production of civilian aircraft at the Avro plant. On every occasion he was told that whenever they came up with a positive plan to accomplish this end the government would give it very serious consideration. The Minister of Transport assured him that he was personally very much in favour of building up a civilian aircraft industry in Canada and stated that he would be glad to bring before his cabinet colleagues for discussion any proposals which Mr. Smye might put forward. And so I could go on in this vein. Representations were made from time to time and discussions took place but at no time was there ever placed before us or any minister of the government any plan to take the place of the CF-105.

It was suggested that something might be done about securing purchasers for this aircraft. It was impossible to secure purchasers in the United States for the reason I have already given. Less than a month ago one of the other vice-presidents of the company, to whom I referred earlier, indicated that the only alternative he had to propose was that the Arrow be sold to Great Britain for their use in consideration of Canada purchasing from Great Britain some aircraft suitable to re-equip the Canadian NATO air establishment. As I recall his speech there was some suggestion to that effect in the remarks made today by the hon. member for Trinity. This suggestion was checked through the Department of Defence Production. The result of the investigation in that direction was that the officers of the British government had flatly and definitely stated that there was no British requirement for the CF-105.

In addition to this, the deputy minister of defence production recently met with the deputy minister of transport and officials of the company and held discussions concerning the possibility of the company undertaking commercial aircraft production. They were invited to submit a firm proposal but none has been received as yet. There was a recent reference in the press to flying saucers but we were advised that this was secret and no further serious consideration was given to that.

The substance of the suggestion to the deputy ministers' question was that the company might undertake production of jet aircraft designed to replace the Viscount in T.C.A. service for short range feeder purposes. The initial discussion with the deputy ministers centred around the proposal that if the T.C.A. would undertake to contract for 25 of those aircraft and the government was prepared to advance $30 million for engineering and development, then the company would be able to make available the aircraft at a price of $2,500,000 each. But, remember, the only aircraft that they wanted in that connection was jet aircraft for short range feeder purposes. Since the approximate cost of the Viscount is about £400,000, or something just over a million dollars, you can understand that the deputy ministers would be naturally cautious to accept such a proposition.

I want to make this clear. If the Avro company will come forward and give a practical suggestion to keep the facilities of Avro aircraft intact it will receive the most serious and immediate consideration. Indeed, tomorrow I hope officials of that company will meet with two of the other ministers and myself, and I trust on that occasion will produce that alternative which has not as yet been presented.

Furthermore, the premier of Ontario announced that he is going to endeavour to find a substitute suggestion. As far as the negotiations with the United States government are concerned, they are no alternative. If anyone, the company, the unions or anyone else, will present a plan that is reasonably feasible, appropriate and in keeping with the responsibility of maintaining fair cost, this government will do that which it has been willing to do ever since last fall, namely give the fullest and most sympathetic consideration to those suggestions.

Now, I come to one further thing. I read statements made by the president and general

manager. I want to be restrained in what I have to say in this regard. My hon. friends say that we should have announced this before we announced it in parliament. What would they have said if they had read that outside of parliament we had made a determination? The company had no misunderstanding whatsoever. I say that its attitude in letting out thousands of workers, technical workers and employees, on Friday, was so cavalier, so unreasonable, that the only conclusion any fair-minded person can come to is that it was done for the purpose of embarrassing the government.

They knew at the beginning, as the Leader of the Opposition said today, that this matter would be considered year by year. I remember Mr. Campney, the then minister of national defence during the years, saying on one occasion that this matter would be reconsidered from time to time. They knew it was being reconsidered; they realized last fall, after the September press release, what the situation was. They took the stand, as I see it, that they would keep up a continuing pressure, in the words of one of the editorials to which I have referred. They have offered no alternative that was reasonable, responsible or in keeping with realities.

Of course, it is very easy to arouse people to demand for continuance and this is understandably so. I say that companies have responsibilities, as have governments. Was there any justification to say to everybody, "You are out", and today announce, if the press is correct, that some 2,500 are called back? What was the reason for that precipitate action? Was it necessary? In the estimates it was shown that a further amount of some $50 million was to be expended. Provision is made, in the event of cancellation of the agreement, that the company shall receive separation pay. All of the employees will be entitled to approximately three weeks salary or wages. Why rush them out on Friday afternoon if it was not for some purpose other than the benefit of those employees? They knew it was coming. I will not say they knew the exact date but they knew what the decision was and it was unchangeable. If they had given some consideration, the consideration that is expected from reasonable employers, of their employees; if they had communicated then as one would expect they would, the last thing in the world that I would ever anticipate was that, having received notice and still having available to them the sum of some $50 million provided for in the estimates, they would let those people out and cause that reaction among people, a reaction that can be understood and one for which I have the deepest sympathy. Because of that condition, the expectation naturally was that those trained employees that had been with the company for a long while, most of them qualifying for either the three weeks separation pay or holiday pay, would not have been told, "You are out this afternoon".

I hope that this company will place before us such alternatives as have not yet been placed before us. If they are realistic, and in accordance with responsible financial husbandry, every consideration will be given to the maintenance of this industry. No government can be expected to provide every opportunity for every business. You would expect that this company, having had during the years since 1945 government contracts continuously, would since September last have endeavoured itself to make some provision to cushion against the prospective impact of the discontinuance of the CF-105.

I am not going to say much more. We will meet them. I reiterate that. If a practicable suggestion is made that will maintain these technologically trained men in employment, it will receive our fullest consideration. We will also give consideration to any suggestions that may be made to alleviate the particularly disastrous conditions under which various employees find themselves as a result, not of our action—for that action we gave notice of last September—but the precipitate, unwarranted and unjustifiable action on Friday last of discharging these employees who had been faithful over the years, without regard to any consideration. At the same time the heads of that company knew that there was available millions of dollars until March 31 and that these dollars might have been used in order to alleviate the condition of these people who would be removed from their jobs in consequence of the cancellation of the CF-105. Instead, the company felt that it could act in a way that no one can justify. I say once more that their action was not a proper solution to the problem raised by these events of the greatest importance to the government and the people of Canada.

Naturally we regret the action that had to be taken by the government but our responsibility is to all the people of Canada. We will take any action which will alleviate the situation and in so acting let it be perfectly clear that we do not intend in any way, as was suggested today by the Leader of the Opposition, to change the decision that the CF-105 is cancelled. It is no longer considered as a defensive measure, having regard to the developments that have taken place in the technological field and particularly in intercontinental missiles during the last year or year and a half.

In the settlement of the terminal charges now under discussion between the companies and the department, consideration may be given to actions of alleviation. We look forward to any action which will help us to do that which was referred to by the hon. member for Trinity this afternoon, to maintain in Canada the technologically trained. The responsibility in that connection cannot go further than that the government must determine the question as to the practicability of the defence weapon being produced and, having done that, with all the results that flow from it, no one can but be deeply moved. I for one repeat what I have said so often, that if there is any alternative, if there is any action that may be taken, if there is the embodiment of a practical idea placed before us that will achieve amelioration of the results, we are open at all times to that and to other suggestions.

We have set up a special employment office at Malton under the national employment service. We shall undertake the sending out of lists and classifications of laid-off workers to employers across the country. We shall cooperate in every way to provide for those who were employed there to the end that, while the decision must stand, our action will be designed to assure fairness and equity to those who through no fault of their own find themselves unemployed.

In so far as the statement made by the Minister of Defence Production is concerned, the fight on behalf of extension of our share of production will continue and will be forcibly brought to the attention of the United States, for cost sharing and production sharing must go hand in hand. In other words, we in Canada will continue to demand that in our joint defence Canadian industry shall receive its fair share. One hon. member said today that there are strong lobbies in the United States against such action. That is natural, but I think when you weigh a question such as joint contribution on the scales of equity and survival itself the nations must realize that each has a responsibility to the other. The weakening of our industrial organization in Canada by the failure to provide Canadian industry with the opportunity to compete fairly and squarely for contracts in respect of our joint efforts must be avoided at all costs.

That is about all I intend to say. We are doing everything we can. We are endeavouring to approach the problem, as we have in the past, with that proper degree of responsibility to Canada for its defence and survival and at the same time to ensure that no Canadian shall suffer so long as the corporation, in respect of which this discussion has taken place, is able to provide that alternative which will assure reason and responsibility in the expenditure of public money.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, we have listened to the Prime Minister (Mr. Diefenbaker) make a very lengthy speech on this subject. The Prime Minister is a man of great forensic ability. I have not nearly his forensic ability but I hope that to the extent to which I have any such ability I will use it to better purpose than he has done tonight. In the few minutes at my disposal I shall try to discuss some of the relevant matters pertaining to the motion now before the house and to do the best I can to be relevant to the motion.

Now, it is interesting that the motion is for the adjournment of the house:

> —for the purpose of discussing a matter of urgent public importance, namely the crisis in the aircraft industry involving mass layoffs and threatened disintegration of this important segment of our Canadian defence industry.

Not a word was said by the Prime Minister about the threatened disintegration of this important segment of defence industry. The Prime Minister instead took a great part of the time allotted to him to read newspaper clippings and the opinions of reporters, very fine gentlemen, reporting in the newspapers across this country, and also the opinions of the leaders of labour unions to prove that the company should have known since last September that this contract was to be terminated.

An hon. Member: They should have, too.

Mr. McIlraith: An hon. member, a supporter of the government, says, "They should have, too." That may be, but let me point out that apparently the reporters knew the Prime Minister of Canada. They knew better than to rely on his statement of last September, when he said something quite different.

Apart from all that, the Minister of National Defence (Mr. Pearkes), as recently as November 25, said—and I am referring to the press conference statement—that the R.C.A.F. would require a manned interceptor for some years to come. This statement was made right after similar comment by Air Marshal Slemon. I quote the Minister of National Defence: What we decided last September was not to produce the Arrow under the conditions which surrounded Arrow production at that time, but to re-examine the cost and then we would know where we were going. That was his statement, and I have no criticism of him for having made the statement at that time in that way. However, I do have criticism for the Prime Minister now, tonight, seeking to indicate that the

company should have known since last September that this contract was to be cancelled.

Mr. Fulton: May I ask the hon. gentleman a question?

Mr. McIlraith: I have very little time allocated to me, and perhaps the hon. member could ask his question at the end of my remarks.

Mr. Fulton: I was going to ask if the hon. gentleman is aware of the statement of his leader on January 19, when the Leader of the Opposition (Mr. Pearson) said—

Mr. McIlraith: I would prefer not to hear the hon. gentleman.

Mr. Fulton: I am sure you would prefer not because it would be very embarrassing.

Mr. McIlraith: The hon. member would use up the 15 minutes at my disposal to deal with this question. Perhaps I take myself too seriously, but I feel this subject is worth debating in this house at this time, and I want to spend my time in debating the subject.

The Prime Minister said very little about the thousands of men out of work. He placed the blame on the company. Then, he referred to that great man, the Right Hon. C. D. Howe, and a statement he made about the discontinuation of the production of the CF-105. Let me tell the Prime Minister that had that great man been the minister of defence production we would not have had this clumsy termination in this way. We would not be seeing the defence production capacity of Canada dissolved and disintegrated by the clumsy actions of the ministry.

Mr. Pearkes: How did you handle the velvet glove?

An hon. Member: What is a million?

Mr. Speaker: Order; the hon. member has only a few minutes and I trust the house will give him a hearing, particularly those members who are out of sight.

Mr. McIlraith: The whole part of this motion having to do with the disintegration of this segment of defence production capacity has not been dealt with by the government during this debate. They have stayed clear of it. I get the impression that it is because they do not understand the problems inherent in that. The Prime Minister spent a great deal of his time in blaming the company for not coming forward to him with suggestions as to what should be done. I always had the view that the responsibility for defence production and for our defence policy was the responsibility of the government.

[Mr. McIlraith.]

The first proceeding this afternoon was the statement by the Minister of Defence Production (Mr. O'Hurley), a little statement on production sharing. Let me read a sentence from that statement:

> It must be recognized that in the final analysis the degree of participation by Canadian industry in the production of major weapons will be governed largely by the extent to which Canadian scientific and engineering skills are able to share in co-ordinated programs of development.

That statement is very true. I shall give the minister credit for the statement, but perhaps many others had a share in producing it. The manner in which the government has dealt with this matter since September has resulted in the dispersal of the very scientific and engineering skills about which the Minister of Defence Production spoke when he was making his statement this afternoon. The loss to this country is tragic because it is not going to be possible to share fully in defence production because you will have exported to the United States the scientific and engineering personnel. This is the serious consequence of the clumsy way in which this action has been handled.

Mr. Macdonnell: What utter nonsense.

Mr. McIlraith: The Minister without Portfolio refers to that as "utter nonsense". Does he realize that this utter nonsense—

Mr. Macdonnell: Read what C. D. Howe said; it is all there.

Mr. McIlraith: I wish that great man were here today because a great many people would be much happier. There would not have been the ineptness there has been in the handling of this matter; it would have been handled properly. I would recall to your mind that of all the number of contracts that had to be terminated during the last great war when defence weapons and technology were changing so rapidly, there was never a termination in a way that dispersed the scientific and engineering personnel from this country as this action will do.

If the Minister without Portfolio wants to belittle this aspect of the subject, let me just take one sentence, the lead sentence from an article in the *Globe and Mail* of today. The heading is, "Only 12 Engineers Called to Work". Let me read this:

> Only 12 of the 4,000 engineers employed at Malton by Avro Aircraft Limited and Orenda Engines Limited will be called to work today.

Now, when you are talking about a collection of 4,000 engineers in this country, gathered together, with their technical training, you are talking about a very important factor in the productive capacity of the country. When suddenly 3,988 of that assembly are left without work, what is going

to happen? They are going to seek other work of a comparable nature, and the place they are likely to get it under the circumstances in which we are, is the United States of America. When they procure work in the United States of America how are you going to carry on your share of production in anything but the simpler articles?

The whole tenor of the Prime Minister's remarks ignored that facet of the problem. He did not deal with it at all. He tried to show that the termination was known to the company, and quoted union leaders who came here seeking the assurance of work for their men, and he indicated from that that the union leaders knew it was being terminated. Does it not merely prove the union leaders were doing what it was their duty to do, namely to seek work for their personnel, and what other more proper humanitarian interests could they have than that? Surely, that is what it proves; it is not what the Prime Minister sought to indicate it proves.

To indicate the seriousness of this matter, I take it that there was no controverting of the statements this afternoon that the government had not been meeting with A. V. Roe with a view to trying to find a method of using at least part of this scientific and highly trained engineering and technical personnel in other productive capacities which would meet up to date requirements of defence, the latest strategic type of weapons, and so on. They did not deign to meet with them. In the statement of the president of A. V. Roe this point was made:

> Since the Prime Minister's original announcement September 23, which cast doubt on the future of the program, the company has repeatedly proposed to various government departments and even to Mr. Diefenbaker himself alternate programs for the useful employment of the technical resources that have been assembled at Malton and which are second to none in the western world.
>
> However, the government has not seen fit to discuss these matters or consult with us in any way.

The Prime Minister did not address himself to that statement of the president of the company.

Mr. Churchill: He said it was incorrect.

Mr. McIlraith: He did not tell us which ministers discussed the programs or when the discussions took place.

Mr. Pickersgill: Or what suggestions the government made.

Mr. McIlraith: He did not deal with that at all, and it is apparent from the whole handling of the subject and the debate we have had today that the government have addressed themselves to the question of whether or not they should terminate the contract, and not to the larger question of what they should or should not do to preserve and make use of this section of great skill and ability to its best advantage for defence purposes.

The lead editorial in the Toronto *Globe and Mail* this morning is rather interesting. It is right on the front page in the left-hand column, and I am sure hon. members have read it. It begins:

> The Diefenbaker government's decision to end the Arrow aircraft and Iroquois engine development program—without having anything to put in its place—reveals a major, and widely spread, internal weakness of that government; a failure, not just in one but in several of its departments, to look and to plan ahead. This weakness has been apparent since the government assumed office 20 months ago; but never, in that time, has it been so dramatically disclosed.

I want not only to quote those words but to assume responsibility for quoting them and so make them my own. I hear the ministry laughing at this matter. Does the ministry realize that what they have done is to dissolve this whole segment of the productive capacity of Canada? I know that the Minister of Agriculture (Mr. Harkness) does not understand that, but I do wish he would possess himself of patience and let some of the hon. members who are concerned with some of these matters deal with them.

Mr. Harkness: If I did not understand it better than you, I would not speak on it.

Mr. McIlraith: The minister thinks that is a smart remark, but I will not engage in personalities with him. That is the whole attitude of the present government, to seek to engage in personalities and go on with their election campaigning, instead of dealing with the question before the house. The editorial I quoted goes on to say something else which I think the Minister of Agriculture should listen to:

> True enough, Prime Minister Diefenbaker assures us that there will be "greater opportunities" than in the past for Canadian industry to participate in the production of military equipment for North American defence. But we have been getting such promises for many years—without anything acceptable in the way of fulfilment. Now, it would seem, the situation is going to become even worse; not merely will our defence plants fail to get U.S. orders, but they will shut down completely, with U.S. plants taking over their job of supplying Canadian requirements.

No part of that was dealt with in the statement of the Minister of Defence Production (Mr. O'Hurley) today.

> This (as his political opponents are already noting) is the exact opposite of what Mr. Diefenbaker pledged in his 1958 election campaign—a greater development of a more independent Canada by, and for, Canadians. How has the Prime Minister

been brought to such a humiliating position? By the bad planning and bad advice of people around him.

Tonight he went on to throw a smoke screen up and tell us about the oil development in the north. But he did not tell us what his government's action was in making it less possible for us to defend that area and that oil development. That is the subject matter before this house tonight for discussion, yet he sought to throw up his famous smoke screen. It is all very well for him to seek to divert attention, but there are times when he should settle down to the business of being responsible to the house for the administration of the business of Canada, and to forget that he is campaigning all the time, through the leadership of his party, for election. That is my criticism.

I regret I have had to abbreviate parts of my remarks more than I would have wished, although I do recognize that some of the government's supporters think I have had too much time in saying what I have said. But I did want to seek to pinpoint one very important aspect of the matter before the house, and to point out the complete weakness of the government's position, not only in fumbling the whole matter of the termination of the contract and showing clumsiness in the handling of it but in failing to appreciate the importance of defence production and industrial preparedness, both in the general economy of the country and in our whole defence system.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the leader of the house what he intends to do tomorrow?

Mr. Green: Mr. Speaker, I did give the order of business on Friday afternoon. If the hon. member for Laurier wishes, I will repeat it now.

Mr. Chevrier: Not if it is the same order.

Mr. Green: It may be we shall take estimates on Friday, and if so it will be the estimates of the Department of Citizenship and Immigration.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CANADIAN NATIONAL RAILWAYS—PASSENGER STATISTICS

Question No. 9—**Mr. Howard:**

For each of the years, 1955, 1956, 1957 and 1958, and with respect to the railway system of the Canadian National Railways: (a) What was the total number of passengers carried? (b) How many passengers travelled on passes? (c) What was the total number of miles travelled by people on passes? (d) What is the actual or estimated loss of revenue represented by those who travelled on passes?

Answer by: **Hon. George H. Hees (Minister of Transport):**

(a) 1955, 16,811,280; 1956, 15,989,368; 1957, 13,920,236; 1958, not yet available.

(b), (c) and (d). Not available.

C.B.C. TELEVISION COSTS, OPENING OF PARLIAMENT

Question No. 32—**Mr. Howard:**

1. What was the cost to the Canadian Broadcasting Corporation of televising the opening of (a) the first session of the 23rd parliament; (b) the first session of the 24th parliament; (c) the second session of the 24th parliament?

2. Were any Canadian Broadcasting Corporation personnel from points other than Ottawa used for any of these openings?

3. If so, how many people were used, where did they come from and what was the cost for each opening?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. (a) The opening of the first session of the 23rd parliament formed part of the television coverage of the royal visit, 1957. This coverage, which lasted five days, was planned and executed as one integrated production and separate costs are, therefore, not available.

(b) Live television coverage of the opening of the first session of the 24th parliament included two integrated presentations:

May 12, 1958: election of Speaker, 10:55 a.m.—12:00 noon.

May 12, 1958: opening of parliament, 2:45 p.m.—4:30 p.m.

The same personnel and equipment were used for both presentations and the total cost was $29,000.

(c) The opening of the second session of the 24th parliament was covered on film January 15, 1959, and broadcast in half-hour film presentations with live commentary over both the English and French T.V. networks. The estimated cost of this coverage is $6,500.

2. Yes.

3. (a) Personnel from most C.B.C. production centres were in Ottawa at the time of the opening of the first session of the 23rd parliament. Owing to the integrated broadcast coverage of the royal visit, 1957 it is not possible to segregate personnel or their costs specifically to the opening of the first session of the 23rd parliament.

(b) Two employees from Toronto and five from Montreal were used in televising the opening of the first session of the 24th parliament. The cost of travelling and subsistence was approximately $500.

(c) Ten employees from Toronto were used in film coverage of the opening of the second session of the 24th parliament, and the cost of travelling and subsistence is estimated at $800.

CBFT TELEVISION STATION, MONTREAL

Question No. 66—**Mr. Howard:**

Since January 1, 1959, what has been the percentage each day, of (a) live; (b) filmed or non-live, telecasts shown over the Canadian Broadcasting Corporation television station CBFT channel, 2, at Montreal?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

Date		(a) Live	(b) Film
January	1	25.6	74.4
"	2	11.0	89.0
"	3	11.0	89.0
"	4	2.8	97.2
"	5	12.9	87.1
"	6	16.5	83.5
"	7	10.8	89.2
"	8	17.0	83.0
"	9	11.0	89.0
"	10	11.0	89.0
"	11	3.8	96.2
"	12	13.4	86.6
"	13	36.0	64.0
"	14	16.5	83.5
"	15	15.6	84.4
"	16	11.0	89.0
"	17	11.0	89.0
"	18	3.0	97.0
"	19	13.4	86.6
"	20	17.0	83.0
"	21	11.0	89.0
"	22	17.0	83.0
"	23	11.0	89.0
"	24	11.0	89.0
"	25	4.0	96.0
"	26	13.4	86.6
"	27	16.0	84.0
"	28	11.0	89.0
"	29	17.0	83.0
"	30	11.0	89.0
"	31	11.0	89.0

MARITIME COAL PRODUCTION ASSISTANCE ACT

Question No. 161—**Mr. Robichaud:**

1. What was the total amount authorized for loans under the Maritime Coal Production Assistance Act?

Questions

2. How much of this amount has been committed in the form of loans?

3. To which companies and in what amount to each company?

4. What amount has been repaid on each loan?

5. How much is left to be loaned?

6. When does the Maritime Coal Production Assistance Act expire?

Answer by: **Hon. Paul Comtois (Minister of Mines and Technical Surveys):**

1. $10,000,000.

2. $ 9,997,100.67.

3.

Avon Coal Co., Ltd., Minto, N.B.	$ 375,000.00		
	82,000.00		
	333,000.00		
	132,000.00		
	620,000.00		
		$	1,542,000.00
Crawford Contractors Ltd., Minto, N.B.			140,000.00
Dominion Coal Co. Ltd., Sydney, N.S.			7,500,000.00
S. J. Doucet Sons, Ltd., Inverness, N.S.			47,738.67
Four Star Collieries Ltd., Bras d'Or, N.S.	$ 100,000.00		
	69,320.00		
	42,000.00		
		$	211,320.00
D.W. & R.A. Mills Ltd., Minto, N.B.	$ 305,850.00		
	214,000.00		
		$	519,850.00
V. C. McMann Ltd., Minto, N.B.	$ 8,175.00		
	28,017.00		
		$	36,192.00

4.

Avon Coal Co., Ltd.	$ 375,000.00	repaid in full.
	82,000.00	repaid in full.
	333,000.00	repaid $222,000.00.
	132,000.00	repayments not due yet.
	620,000.00	repayments not due yet.
Crawford Contractors Ltd.	$ 140,000.00	repayments not due yet.
Dominion Coal Co., Ltd.	$ 7,500,000.00	repaid $1,278,278.70.
S. J. Doucet Sons, Ltd.	$ 47,738.67	repaid $2,786.04.
Four Star Collieries, Ltd.	$ 100,000.00	repaid in full.
	69,320.00	repaid $49,000.00.
	42,000.00	repayments not due yet.
D.W. & R.A. Mills, Ltd.	$ 303,850.00	repaid in full.
	214,000.00	repaid $50,000.00.
V. C. McMann, Ltd.	$ 8,175.00	repaid in full.
	28,017.00	repayments not due yet.

5. $2,899.33.

6. October 31, 1959.

PITHEAD COAL PRODUCTION COST, N.S.

Question No. 162—**Mr. Robichaud:**

What was the pithead cost of producing a ton of coal in Nova Scotia for 1955, 1956, 1957 and 1958?

Answer by: **Hon. Paul Comtois (Minister of Mines and Technical Surveys):**

1955, $9.96; 1956, $9.98; 1957, $10.66; 1958, not yet available.

(The pithead costs are derived from reports received from the coal companies of Nova Scotia. The calculation of the cost for each year is made up from the reports of the individual companies whose fiscal year ends in that particular year.)

HOUSE OF COMMONS

Tuesday, February 24, 1959

The house met at 2.30 p.m.

WATER RESOURCES

CHICAGO DIVERSION—TABLING OF EXCHANGE OF AIDE MEMOIRES

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, on several occasions I have told the house that the government was giving careful consideration to the implications of Bill H.R.1 and other draft legislation being considered at the present time by the United States congress for the purpose of diverting 1,000 cubic feet of water per second from lake Michigan into the Illinois river at Chicago.

As I informed the house on February 17, in answer to a question, the government had decided to express to the government of the United States a protest against such proposals for additional diversion of water, which would have a serious effect on the great lakes and the St. Lawrence river. Last Friday afternoon I handed to the minister of the United States embassy an aide memoire containing the objection of the Canadian government to those legislative proposals.

By leave of the house, Mr. Speaker, I ask that the text of the Canadian aide memoire and the text of the United States aide memoire referred to therein be printed as an appendix to the House of Commons debates of today.

Mr. Speaker: Has the minister consent that these two documents be printed as an appendix to today's *Hansard*?

Some hon. Members: Agreed.

[*For text of documents referred to above see appendix to today's proceedings*].

COMMONWEALTH RELATIONS

INQUIRY AS TO DISCUSSIONS RESPECTING ASSOCIATION OF CYPRUS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether, in connection with the recent and very welcome agreement that has been reached in London concerning Cyprus, there have been any discussions between the United Kingdom and the Canadian governments with respect to the possible association of the new republic of Cyprus with the commonwealth of nations?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I join with the Leader of the Opposition in his words of approbation of the successful conclusion of the discussions with regard to Cyprus. He has raised the matter as to whether or not Cyprus might become a member of the commonwealth. Hon. members will have noticed that this matter was referred to in the United Kingdom House of Commons, and that the Prime Minister of the United Kingdom stated that the matter of Cyprus remaining in some form of association with the commonwealth had been raised. He said that if in due course Cyprus declares that it desires to remain associated with the commonwealth, it will be for the existing members of the commonwealth to consult together as to how that desire might be most appropriately satisfied.

Until more is known about the wishes of the people of Cyprus, other than the expression of appreciation at the conclusion of the talks and the settlement of the difficulties that have torn that tormented area for the last couple of years, any further comment at this time would be speculative and therefore might be unhelpful. No consultation has occurred as yet.

A. V. ROE COMPANY

INQUIRY AS TO MEETING BETWEEN CABINET AND COMPANY OFFICIALS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of his statement last night, can the Prime Minister say whether the proposed meeting between himself and two of the members of his cabinet with officials of A. V. Roe has now been held or will be held later this day? Can the Prime Minister say whether the company has brought forward an alternative proposal to provide work for the employees to whom the Prime Minister referred?

Right Hon. J. G. Diefenbaker (Prime Minister): Hon. members know, of course, that this morning representatives of Avro, the president, Mr. Crawford Gordon, and one of the vice-presidents, Mr. Fred Smye, met with various ministers and myself. The

ministers who met together with those representatives of the company were the Minister of National Defence (Mr. Pearkes), the Minister of Defence Production (Mr. O'Hurley), the Minister of Transport (Mr. Hees) and the Minister of Finance (Mr. Fleming). A general outline of the question of any alternatives the company representatives might be able to place before the cabinet for consideration was as far as we went at the time. The two representatives of the company left my office in order to go into fuller details with the other ministers already alluded to.

I think I can go no further than to say that the discussions have been exploratory. The company has been asked to submit its alternatives. Discussions will continue later today. Further than that I cannot go at this time.

Mr. Argue: I thank the Prime Minister for his statement, and I have a supplementary question. Is the Prime Minister in a position to give the house any information whether the employees involved are being brought back for any temporary cleaning up work, or any other kind of employment that is of a short term nature, in addition to the discussion of employment on a longer basis?

Mr. Diefenbaker: I understand that there are 2,000 so engaged at the present time. I might add to what I have already said that representatives of the international union of machinists will meet with me tomorrow morning—I am not sure what other ministers will be present—with a view to bringing their representations to the attention of the government.

Hon. L. B. Pearson (Leader of the Opposition): I have a supplementary question, Mr. Speaker. Does the Prime Minister not feel that it would have been better if these discussions with the officers of the company had taken place before the statement of last Friday?

Mr. Benidickson: A month ago.

Mr. Diefenbaker: Mr. Speaker, I thought we covered that situation last evening.

INQUIRY AS TO GOVERNMENT ACTION TO RELIEVE UNEMPLOYMENT SITUATION

On the orders of the day:

Mr. Alexander Best (Halton): I should like to direct a question to the Minister of Labour. Will the minister tell this house what steps are being taken by his department to study and aid in the solution of the unemployment situation caused by the dismissal of the staffs of A. V. Roe at Malton?

[Mr. Diefenbaker.]

Hon. Michael Starr (Minister of Labour): I wish to thank the hon. member for giving me notice of this question, and because of the requests made by the hon. members for Peel, York West and York Humber who are also interested in this matter, I want to say that every possibility is being canvassed to place as many as possible of those laid off at A. V. Roe as quickly as possible. There are indications already that a substantial number will find alternative employment almost immediately. There are openings being advertised today in the Toronto area for clerical and technical help. My officials have been in touch with the officials of the unions involved, who are doing everything possible to place their people.

In so far as the highly trained and skilled engineering personnel are concerned, it is not anticipated that there will be any serious difficulty. I can assure the house that the unemployment insurance commission is doing everything possible. Yesterday 50 officers of the commission were ordered to proceed to A. V. Roe and Orenda. By this morning approximately 2,000 claims had been taken. Our officers will remain on the spot today and tomorrow. At the same time, regional headquarters of the commission in Toronto is contacting employers across Canada. We are listing all these employees, with their qualifications and experience, and we are making these listings available to employers.

In one word, Mr. Speaker, the full resources of my department and of the unemployment insurance commission are being made available to meet this particular problem.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question. I wonder if the minister can inform the house how he is able to hold out such good hope for the early employment of these people at a time when he has been unsuccessful in providing employment for half a million people?

Mr. Starr: By emphasizing the placement service in the unemployment insurance commission we have, in the month of December, placed the largest number of people since 1952, and in the month of January our record is the highest since 1954. We are attempting to bring about a greater effort on behalf of those who are unemployed, and the result is that our figures are much less now than they would have been if that effort had not been made.

Mr. Argue: In view of the statement by the minister, can he say why his department has failed so miserably to find employment—

Some hon. Members: Order, order.

Mr. Argue: —for the half million Canadians who are now unemployed?

Some hon. Members: Order.

Mr. Speaker: The hon. member knows a statement of that kind is not admissible in the question period.

INQUIRY AS TO CONFERENCE WITH ONTARIO GOVERNMENT

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour whether in view of the statement of Premier Frost of Friday last and of yesterday in the Ontario legislature, he can tell the house whether or not the government of Canada intends, as Premier Frost suggested, to hold a conference with the province of Ontario in order to find effective means of providing the maximum amount of work for those who have been unemployed as a result of the decision taken by the government last Friday?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, this government is prepared at any time to meet with any government or agency whereby there would be the opportunity of discussing the possibilities of providing employment. I am sure that the effort Mr. Frost is putting forth now will bear fruit and is in the best interests of all the people involved.

Mr. Martin (Essex East): May I ask the minister, who perhaps did not fully comprehend the question—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —whether the government intends to confer with Premier Frost on this matter?

Mr. Starr: I think I made my statement clear, Mr. Speaker, in what I said, namely that this government is prepared to meet at any time with any government.

CENTRAL MORTGAGE AND HOUSING—ATTITUDE TOWARD AVRO EMPLOYEES HOLDING MORTGAGES

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works with respect to the situation at Avro. Has the government given consideration to the attitude to be taken by Central Mortgage and Housing Corporation with regard to employees who, because of the government's decision to cancel the Arrow contract, are unable to maintain payments on houses mortgaged to the corporation?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the practice of Central Mortgage and Housing Corporation has been to deal with each individual case on its merits. That course will be followed in this present instance. I think the hon. member will agree with me that the attitude of the corporation throughout has been extremely fair.

(Translation):

THE CENSUS

INQUIRY AS TO QUESTIONS RESPECTING ETHNIC ORIGIN

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce (Mr. Churchill). Will the question pertaining to the racial origin of Canadians be included in the census forms for the 1961 decennial census?

(Text):

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I should like to thank the hon. member for giving me notice of his question respecting ethnic origin of Canadians for the census of 1961. There will be a question asked in that census return, just as in 1951, expressed in the words, "what is your origin", which means what is your ethnic descent? To that question people may reply, and these replies will be acceptable, Canadian, English, French, etc. There will also be another question asked as to country of citizenship, to which for over 90 per cent of those queried the reply will likely be "Canada".

ST. LAWRENCE SEAWAY

REQUESTS FOR CONSIDERATION OF HOUSE DEBATE ON TOLLS

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Transport. I did not give him notice, so he can take this as notice if he wishes. Will the government give consideration to a discussion of seaway tolls in the house before they are imposed?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the hon. member and all hon. members are quite at liberty to express their opinions in the house on seaway tolls at any time during the appropriate debates. The hon. member could have expressed his opinion in any way he wished during the debate on the speech from the throne. If he also wishes to express his opinion and that of those whom he represents in parliament to me, as he has done on numerous occasions

when he has accompanied various delegations to Ottawa which I have met, I will be very glad to listen to those representations.

Mr. McMillan: May I ask a supplementary question. If the Welland canal were made toll free, has the minister any reason to think the United States would object?

Mr. Hees: Mr. Speaker—

Mr. Speaker: I think the condition precedent makes this a hypothetical question.

NATIONAL PARKS

PRINCE EDWARD ISLAND—ESTABLISHMENT OF HISTORIC SITE AT FORT AMHERST

On the orders of the day:

Mr. Heath Macquarrie (Queens): I should like to direct a question to the Minister of Northern Affairs and National Resources. Will the minister advise if his department contemplates the early establishment of a national historic park in Prince Edward Island at the site of Fort Amherst, in the area of the ancient island capital, Port La Joie?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I wish to thank the hon. member for giving me notice of his intention to ask this question. The establishment of a national historic park on the site of Fort Amherst in Prince Edward Island has been considered by the historic sites and monuments board of Canada, which advises me on matters of this nature.

It is the policy of the government with respect to the establishment of a national historic park to require that lands comprising the proposed historic park be made available by the province for transfer to the federal government free of charge and without condition or encumbrance. There have been informal consultations between the province and the federal government, but as yet no official offer has been made to the federal government by the province of Prince Edward Island with regard to the lands at Fort Amherst. Consequently I am not able to give any further word at this time.

NATIONAL DEFENCE

D.E.W. LINE—TAKING OVER OF OPERATION BY CANADA

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Has the Canadian government taken over operation of the D.E.W. line?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, it has been explained a good many times in this house that R.C.A.F. officers are replacing the officers of the United States air force at the control stations on the D.E.W. line. That process started on February 1, and senior officers on all the control stations are now R.C.A.F. personnel. The officers junior to them who will be replacing the junior officers of the United States air force will have completed the changeover by June 1.

Hon. L. B. Pearson (Leader of the Opposition): I have a supplementary question which I will direct perhaps to the Prime Minister, because the Minister of National Defence did not deal with the question. Is the Canadian government now operating the D.E.W. line?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this question has been dealt with over and over again, and the previous answers were sufficient to answer any questions asked today.

[*Later:*]

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, may I ask a supplementary question of the Minister of National Defence concerning the D.E.W. line. Can the minister tell the house whether or not all United States personnel, technical and otherwise, on the D.E.W. line will be replaced by Canadians by April 1?

Mr. Pearkes: The answer to that question is no.

Mr. Pearson: Mr. Speaker, arising out of my question to the Prime Minister regarding the operation of the D.E.W. line, to which he said an answer had been given previously in this house, may I ask the Prime Minister which answer to this question is correct; that given by the Minister of National Defence on February 18 to the effect that the line is being operated by a United States corporation controlled by the United States government, or the answer given last night in the House of Commons by the Prime Minister when he said it was being operated by the Canadian government?

Mr. Diefenbaker: Mr. Speaker, even an examination of those two questions and the statement I made last night would indicate that sometimes administration and operation are regarded as synonymous. The answer given by the Minister of National Defence was entirely correct, and the expression I used last evening was a loose use of the words, synonymously speaking.

BOMARC MISSILE—PRESS REPORT RESPECTING LAUNCHING FAILURE

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to ask a question of

the Minister of National Defence. Would the minister care to comment on the report in today's Montreal *Gazette* which states that a version of the Bomarc missile, which the R.C.A.F. hopes to procure, at its recent test firing in Florida took six and one-half hours to launch instead of the recommended two minutes? In view of this serious failure, does the minister still feel that the Bomarc is an effective defence weapon?

Mr. Speaker: It seems to me that the minister dealt as fully as one could deal yesterday with that precise matter. I doubt that the hon. member expects that there would be a change overnight.

POST OFFICE DEPARTMENT

MONTREAL—RESOLUTION RESPECTING WAGES AND WORKING CONDITIONS

On the orders of the day:

Mr. Azellus Denis (St. Denis): I should like to direct a question to the Postmaster General. Has the minister received a copy of a resolution from l'association fédérée des facteurs and l'association des employés des postes du Canada following a meeting held in Montreal on February 8 of this year? If the reply is in the affirmative, what was the nature of his reply?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I cannot say specifically whether I have received a resolution from the organization to which the hon. member has referred, since a number of these meetings by post office employees have taken place across Canada. However, a number of resolutions in the same tenor, primarily regarding their wages, with some reference to other conditions, have been referred to me by the associations. As the hon. member probably very well knows, I have acknowledged each of those, pointing out to them that these are matters which come, in the first instance, under the responsibility of the civil service commission. It is not possible for an individual minister to establish wages for his employees or to deal with the other factors which have been discussed at these meetings. Therefore, it is no responsibility of mine whatsoever in the first instance.

BUSINESS OF THE HOUSE

INQUIRY AS TO LEGISLATION TO ABOLISH CLOSURE

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I would like to direct a question to the Prime Minister. Has the government given consideration to the abolition of the parliamentary device known as closure this session?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, when the government has given that matter consideration which merits it receiving the attention of parliament, it will be brought to the attention of the house.

IMMIGRATION

ST. THOMAS, ONT.—EMPLOYMENT OF U.S. CITIZENS WITHOUT VISAS OR PERMITS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Minister of Citizenship and Immigration. Has the minister received a telegram from Mr. Harold Brooks, president of the St. Thomas and district labour council, complaining that the Allis Chalmers company has used United States citizens as strike breakers, and that these United States citizens have no visas issued for their employment in Canada and that no work permits have been issued to them by the local national employment office? Can the minister say what reply is being made to Mr. Brooks, who asks that the persons referred to be prosecuted and immediately deported?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I did receive a telegram this morning from Mr. Brooks, and I have replied to him to the effect that I have asked for a complete investigation of the matter by our local office in London.

Mr. Argue: I wonder if the minister would make a report to the house of her findings at a later date?

Mrs. Fairclough: Yes, I will be very glad to as soon as I find out what the circumstances are.

HARBOURS

MOOSONEE, ONT.—AGREEMENT WITH ONTARIO FOR DEVELOPMENT

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I would like to direct a question to the Minister of Public Works. In view of recent developments in the general area, and the well-known attitude of the government of Ontario because of the importance of the Moosonee harbour project to the future development of Canada and to northern Ontario in particular, can the minister now say if an agreement respecting this development has been reached with the government of Ontario? If not, would he comment on the progress of these negotiations?

Inquiries of the Ministry

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I would think this is hardly a question for orders of the day. It is one for discussion on the estimates. The Department of Public Works is very much interested in essential harbour development, and that is the case at Moosonee. Our officials have made investigations there, but at the moment there is no agreement between the two governments concerning the development of this harbour.

COMBINES INVESTIGATION ACT

BRITISH COLUMBIA—REPORT ON PRODUCTION AND SALE OF FISH

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to address a question to the Minister of Justice, notice was given to him a few days ago. Can the Minister of Justice indicate when we might expect the report of the restrictive trade practices commission into the production, purchase and sale of fish in the province of British Columbia?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. member was kind enough to give me notice of his intention to ask this question. As I indicated to the hon. member when he made a similar inquiry last session, I am not able to say and will not be able to say until I receive a report, when it will be made public. I can say, however, that the director informs me that he expects to be in a position to transmit a statement of evidence to the restrictive trade practices commission within the next two months. The matter will then have to be argued before the commission before they make their report to me.

CIVIL DEFENCE

REQUEST FOR STATEMENT BY MINISTER OF NATIONAL HEALTH AND WELFARE

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. I wonder if the minister could tell us when his statement on civil defence will be given to the house.

Hon. J. W. Monteith (Minister of National Health and Welfare): I believe I indicated, Mr. Speaker, that I would make the statement as soon as it was prepared and available, and I still stand by that statement.

[Mr. Garland.]

OLD AGE SECURITY

INQUIRY AS TO REPORT BY DR. ROBERT CLARK

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of National Health and Welfare when we may expect the Clark report, promised to the house about a year ago, again promised to us for delivery on February 9 and then, five days later, promised for delivery a few days subsequent to that period? Can the minister tell us whether this report is ready and when we may expect it?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I gather that the hon. member would like to know when the report will be tabled. I can assure him it will be tabled within a very few days. It has been completed and is being processed for distribution in my department.

PUBLIC BUILDINGS

QUEBEC CITY—DEMOLITION OF HOSPICE SAINT CHARLES

On the orders of the day:

Mr. Maurice Bourget (Levis): Mr. Speaker, may I ask the Minister of Public Works if it is true, as the press reports, that his department is proceeding with the demolition of the Hospice Saint Charles in Quebec city without having obtained a permit from the city authorities?

Hon. Howard C. Green (Minister of Public Works): I doubt that very much, Mr. Speaker, but I shall make inquiries. I believe the city of Quebec is very anxious to have the new building which is to go up on this property.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Labour what steps are being taken by the national employment service to deal with the mass lay-offs of iron miners at Bell island?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have not had a recent report on the situation, though I received one a few weeks ago. I am aware that all the facilities of my department through the unemployment insurance commission are being placed at the disposal of the employees who have been laid off.

Mr. Pickersgill: A supplementary question, Mr. Speaker. Has a branch of the St. John's office been opened on Bell island?

Mr. Starr: I am not sure about that, Mr. Speaker, but I shall inquire and give the information to the hon. member.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO INCREASE MAXIMUM EXPENDITURES TO THREE HUNDRED AND FIFTY MILLION DOLLARS

The house resumed, from Friday, February 20, consideration in committee of the following resolution—Mr. Green—Mr. Rea in the chair:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the aggregate of all expenditures under sections 4, 5 and 6 of the act may be increased to a maximum of three hundred and fifty million dollars.

Mr. Badanai: Mr. Chairman, at the adjournment of the debate on the trans-Canada highway resolution last Friday, I had spoken for only a few moments concerning how much a good trans-Canada highway would mean to the lakehead. I endeavoured to show that this question is of vital importance to the cities of Fort William and Port Arthur. With the development of a new harbour it will be necessary to have a four-lane highway from the lakehead to Winnipeg if we are going to obtain the full benefit of the expenditure of $5,500,000 on harbour installations recently announced by the Minister of Public Works.

We anticipate strong competition from the city of Duluth, Minnesota, where a reported one hundred million dollar harbour development is taking place to meet the demands of expected traffic because of the seaway. In addition to this development a four-lane highway from Duluth to Winnipeg is now being planned.

The present highway between the lakehead and Fort William is in such poor condition that it could never sustain the estimated volume of traffic ranging between 50 and 100 motor transports daily. The only solution is a four-lane highway between the lakehead and Winnipeg. At a recent meeting held in the city of Winnipeg and attended by cabinet ministers of the Manitoba and Ontario governments and the mayors and other officials of the cities of Fort William and Port Arthur, the Canadian lakehead port association was formed. At this meeting the necessity for the development of a four-lane trans-Canada highway between the lakehead and Winnipeg was discussed at great length, and I am informed that it was the unanimous opinion of the meeting that this is a must if we are to benefit from the proposed harbour terminal at the lakehead.

The Chairman: Order. I wonder if we might have a little more quiet in the committee. It is difficult to hear the hon. member for Fort William.

Mr. Badanai: I urge the government to give this highway priority over any other section of the trans-Canada highway. Because of the deplorable road conditions, many of our citizens are compelled to travel to Winnipeg via Duluth. A four-lane highway linking northwestern Ontario with Manitoba could not be anything but beneficial.

Northwestern Ontario should have been a part of Manitoba. It is a section of the province long neglected by the governments of Ontario. Indeed, our economic and industrial development would have been far more rapid had our part of the province been a part of Manitoba. The hopes and dreams of northwestern Ontario have been frustrated so often and for so long by remote governments, resulting in a neglect which has often sparked talk of secession from Ontario and the formation of a new province.

Perhaps a movement could very well be channelled toward a form of economic union, if not outright political union, with Manitoba, for the interests of northwestern Ontario are more closely related to those of the prairie provinces. The lakehead is the location of the storage and transshipping of most grains from western Canada.

Mr. Green: On a point of order, Mr. Chairman, this is all very interesting but really the economic union of northwestern Ontario with Manitoba is not before the committee today.

Mr. Badanai: I am trying to show that the lakehead is the location of the storage and transshipping of most grains from western Canada. The prairie provinces share more common interests with us than we do with our provincial government. They also recognize that the lakehead is the key to their communication system. That is the point. With this communication system is wrapped up the movement and import of goods from eastern Canada, and after the completion of the seaway goods will flow into the lakehead from all parts of the world. A goodly portion of these goods will be carried by motor transport to the western provinces.

In this connection, if I am permitted, I wish to quote a few paragraphs from an address recently delivered to the Fort William Rotary club by a former alderman of our city, Mr. Hubert Limbrick, which illustrates what I mean. This has to do with the trans-Canada highway, Mr. Chairman. I assure you I do not wish to read anything that has not to do with the communication

system of the lakehead with the province of Manitoba. Mr. Limbrick had this to say:

> He recalled beginning of the movement in 1948 and said: "Our bargaining position has changed with the advent of the seaway. By taking advantage of the fact we would be better advised to join with Manitoba rather than create a new province as was originally planned."
>
> Mr. Limbrick noted the prairie provinces had established with less known assets and less population than northwestern Ontario has now. In 1875 there were fewer people in Winnipeg than in Fort William.

Mr. Chairman, these are compelling reasons for advocating a four-lane highway from the lakehead to Winnipeg. In 1956 the original act was amended by the previous administration, increasing the extent of the federal government's contribution to the cost of the highway by providing for an additional 40 per cent contribution to the cost of construction, which meant an additional $100 million. Now in the light of present conditions we are following the same pattern, which I think is a good one. No doubt additional amendments providing for increased federal contributions will again become necessary in the future. During that debate the present Minister of Justice made the following observation, as recorded in *Hansard* for 1956, at page 2977:

> At the present time we are not getting any action. We are not going to have a trans-Canada highway by 1960 as this resolution calls for because this government does not have a sensible, progressive, far-reaching trans-Canada highway policy.

We all realize that to construct a total of 4,600 miles, which is the estimated length of the highway, is no mean task especially along the rugged shores of lake Superior and through the Rockies of the west. It is a project of a magnitude which compares with the building of the pipe line. Credit is due to the former government for initiating the project, and credit is due now to the present government for assuming that responsibility, which is theirs, to proceed with not only the completion but the necessary improvements occasioned by changed conditions.

From a tourist point of view the importance of completing the highway along the north shore of lake Superior from the lakehead to the Sault cannot be ignored. I was pleased to hear the minister say that the gap between Marathon and the Sault is now under contract, and also to hear him describe the spectacular scenic beauty which tourists will enjoy when this portion of the highway is completed. Nothing would please the people of Thunder bay more, Mr. Chairman, than to have the Minister of Public Works officiate at a ribbon-cutting ceremony upon the completion of this lakeshore gap in the trans-Canada highway. He could then enjoy a drive around lake Superior, and I will be pleased to furnish him with a car for the purpose. This stretch of the lakeshore highway will unfold a unique scenic splendour that will easily capture the imagination of thousands. It will bring tourist dollars to Canada that we would never see otherwise.

I submit that from a national point of view, Mr. Chairman, a first class trans-Canada highway is in the national interest today and is comparable to the building of our trans-continental railways in the last century.

Mr. Herridge: Mr. Chairman, I rise for a few minutes to support the purpose of this resolution, which is to make more funds available for the earlier completion of the trans-Canada highway. I appreciate the view the minister gave the committee on developments to date in the construction of the highway and the hopes he expressed for a completion of the same. I must say, Mr. Chairman, that no doubt the minister's mountainside activity, like my mountainside residence for many years, has given him a very keen appreciation of the value of highways and roads. I notice he has been interested in this question for a good number of years. Even when he was in the opposition he used to make reference to the matter.

This resolution, Mr. Chairman, demonstrates the great changes which have occurred in our country in the last 50 or 60 years. As one thinks of changes on occasions like this one is inclined to think of years gone by and relate them to what is happening today, because many of our younger people fail to realize the rapid tempo of advance at the present time and the improvements we enjoy in many respects that were not enjoyed by the people who built this country in the early days.

I well remember, Mr. Chairman, that the first grant toward the road built in our district in the Arrow lakes, which the minister knows quite well, came from the McBride government and totalled $500 for the construction of six miles of highway, which was completed at that price. The road was 20 feet wide; stumps were chopped off close to the ground. The people were so grateful that they organized a special dinner for the cabinet minister responsible for public works at that time, the late Tom Taylor, if I remember correctly.

I also remember that years ago my father was a very vocal person so far as roads in my part of the country were concerned. The minister's father was extremely vocal in his part of the country. His chief hobby was the advocating of a road from Kaslo to Balfour. My father advocated a road from Nakusp to Nelson. In those days road construction was a very important part of our economy, for many people lived on occasional road work

or on bequests from the old country as a result of someone dying, and so on. But we made some progress, because all we had to do to make progress in respect of the building of roads was to join the Conservative association at a cost of $1, and then you got a job. The situation has entirely changed now both in respect of the holding of positions and of obtaining employment, and in the development of the road.

Mr. Argue: Today, it's join the Conservative party and lose your job.

Mr. Herridge: I suppose, Mr. Chairman, it is quite correct to say that it is the opinion of the majority of the members of the house that the first objective is the completion of the present trans-Canada highway, and in any remarks I make I do not want to detract from that being my opinion as well. That is the first thing to do. I am a great believer in doing things one at a time and getting the job done. But I do think, with other members of this group, that the time has come, even before we complete the first trans-Canada highway, to consider a long range policy for the development of highways in Canada, including additional trans-Canada highways and north and south connecting links.

In this country we have very similar geographical and physical conditions to those existing in the United States, and our development is following very closely the pattern of the United States although it is some 50 or 60 years behind that country. Therefore I think we can refer appropriately to developments in the United States and learn from their experience. It is obvious that the experience of those persons in the United States, whether in the federal or state governments, who were interested in the development of the economy of that country indicated that a national highway system would not be built unless there was considerable financial assistance from the general government for east and west and north and south highways and other connecting links. I suggest again that our development is very similar, though some years later, and that the time is appropriate now for the government to consider the foundations for a national highway policy in Canada that springs from and is made possible by financial assistance from the federal government.

In that connection and in support of my argument I want to quote briefly what has been said in the past by two or three members of the present cabinet who were very keen about this question in those years. The first cabinet minister I wish to quote is the present Minister of Transport. I take great delight in reading what he said in the past and relating it to his present policy. As found at page 2531 of *Hansard* for March 22, 1956, the minister had this to say in part during a similar debate on a resolution concerning an increase in the appropriation under the Trans-Canada Highway Act:

> The program of this government falls short of what is necessary, and it is interesting to compare the situation in Canada with that in the United States where they have had a federal highway system and a federal highway program in being for some 50 years. That federal highway system and federal highway program have resulted in the development and construction, if my information is correct—this subject was sprung on us without notice, and it has not been possible to gather together all the information one might have available in his files—of at least ten main east and west roads and some 30 or 40 main north and south roads, a total of some 40 federal highways in the United States of America.

I find that I made a mistake; I was actually quoting the Minister of Justice. I want to correct the record.

Mr. Argue: They did not know the difference.

Mr. Hees: It sounded good.

Mr. Herridge: I come now to the Minister of Transport, who says the same thing in rather more concrete and fulsome terms, as found at page 2956 of *Hansard* for April 16, 1956:

> The responsibility in this regard is undoubtedly a federal one.

He is referring to trans-Canada highways and also to a national system of highways.

> So the federal government, in co-operation with the provinces, must embark on a national highways program—

"Must", mind you.

> —to ensure the construction of highways that are needed for the development of our natural resources and our tourist industry, and to make available defence installations in the localities we may have to defend in case of attack. A program of building north and south highways in conjunction with the provinces must be proceeded with immediately.

I want to support the Minister of Transport's remarks in that respect. I believe this highway system should be undertaken and proceeded with. I think that policy should be adopted and proceeded with at the first opportunity.

Mr. Green: Have you not any better authorities than those?

Mr. Herridge: Yes; I have the Minister of Public Works. I searched the records very thoroughly hoping to get something even more emphatic than what the Minister of Transport had to say on that occasion. The minister comes from a rather cautious breed, I find, and he never sticks out his neck quite as far as some of the others.

Mr. Pickersgill: He was busy on the merchant marine.

Mr. Herridge: The Minister of Public Works had this to say in the same debate, as found at page 3095 of *Hansard* for April 19, 1956:

I should like the minister to explain also—

Mind you, he does not object to the preceding remarks of his colleagues, and therefore silence means assent.

—why, once the road has been finished, the dominion should not assume some share of the cost of maintenance, why it should not see that the highway is kept up. Otherwise I am convinced that the minute we reach the point where we have a national highway it will start to go downhill and none of us will be very proud if that situation should develop. I hope when he closes the debate the minister will see fit to deal with these two questions.

I hope when the minister closes the debate he will see fit to deal with these two questions.

Now, Mr. Chairman, having dealt with the resolution and supported it in principle, and having supported wholeheartedly the remarks of members of the cabinet on previous occasions, I want to make a sort of local application of the situation and say a few words with respect to the feeling of members of organizations in the southeastern part of British Columbia that, when the trans-Canada highway is completed, there should be federal assistance for the provision of an alternative southern route in case Rogers pass is blocked and accidents of that sort. In fact, we will be very interested in listening to the technical details of how snow slides will be brought down prior to their normal time as the result of cannon fire.

I should like to quote from a copy of a letter addressed to the hon. member for Kootenay East by Mr. Harry D. Harrison, president to the trans-Canada highway association, southern route. Mr. Harrison writes from Nelson, and indicates that he has sent a copy to the minister. I want to deal with this matter briefly because it is of serious concern to a good many of our people. I now quote from the letter to indicate the point of view of people who are interested in highway development in our area. The letter reads in part as follows:

May I also point out that we are strongly of the opinion that the populated and industrialized portions of our province should certainly get federal assistance consideration in a far greater proportion than the northern route of the Yellowhead pass. To illustrate my point I am enclosing a map showing the various routes and comment as follows:

No. 3 highway is by far the most heavily populated route and is heavily industrialized, including C.M. and S. operations at Trail, Salmo, Riondel, Kimberley. Logging and lumbering operations are heavy along its entire length. I have circled the number of important centres which would directly benefit by the completion of highway No. 3.

No. 1 highway from Golden to Revelstoke is already receiving about 90 per cent federal assistance to complete the trans-Canada highway No. 1 route. The hazardous conditions through Rogers pass would indicate that it would be smart business to assure a satisfactory alternate route to Rogers pass in case of avalanche condition.

I think that is a very sound contention.

This could be accomplished very easily by completing only a short connection from Arrowhead to Trout lake and improving the route from Trout lake to Kaslo and Balfour, thus assuring constant highway service to join up with No. 3.

I expect that the minister fully appreciates that residents of his own home town of Kaslo are very interested in this road and this question.

The unfinished sections of No. 3 trans-provincial highway between Grand Forks and Creston could be completed very quickly with federal assistance.

We have no quarrel with several different routes, including the Yellowhead route. However, if you study the enclosed map, you will note that 283 miles of this route are very sparsely settled, not many people live between Kamloops and Jasper. You will also note that this route completely bypasses about one-third of the province of B.C., by travelling this 283 mile section.

Another important link which should get some attention is the Monashee highway between the Arrow lakes and Vernon, a natural connection from the Kootenay to the central Okanagan. I have marked both the Monashee and the Balfour-Revelstoke sections in with a dotted line.

Your promptness in picking this item up and bringing it to our attention is certainly appreciated, Murray, and we will look forward to you keeping an eagle eye on this item with a view to getting ample consideration for the southern route. I am sure that Bert Herridge will be only too pleased to do everything possible to assist, and I am sending a copy of this letter to him and also to Hon. Howard Green, who is very familiar with the areas I have discussed.

Please keep us posted on developments.

Kindest regards from all of us in the Kootenays.

Yours truly,

Harry D. Harrison,
President, trans-Canada highway assn. southern route.

I know I do not have to go into details on that. I was asked by several members of chambers of commerce and other organizations to bring this matter to the attention of the minister and the house when this resolution was under discussion. I do urge that consideration be given to the development of a national highway policy to be given effect when we have completed our first trans-Canada highway, and that particularly in the case of British Columbia, consideration to an alternative southern route to the present Rogers pass route in case winter conditions should make it impossible to travel that route on occasion.

(Translation):

Mr. Dumas: Mr. Chairman, I am very pleased to support this motion to amend the

Trans-Canada Highway Act, an act which was passed in 1949 and amended in 1956. Now the house is being asked to approve a motion in the following terms:

> Resolved, that it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the aggregate of all expenditures under sections 4, 5 and 6 of the Act may be increased to a maximum of three hundred and fifty million dollars.

When, early in this session, we read the speech from the throne and found it contained a paragraph indicating that the house would be called upon to consider a bill to amend the Trans-Canada Highway Act, we wondered whether the government would not introduce drastic amendments to the act.

Mr. Chairman, I do not intend to repeat all the statements made in the house in 1956, when the proposed amendments were being considered. The hon. member for Kootenay West (Mr. Herridge) referred to them. In any case we could presume that the present government possibly intended to introduce more extensive amendments than those contained in this resolution. As a matter of fact, in 1956 as member for Vancouver Quadra, the Minister of Public Works (Mr. Green) said that for his part, he believed that the federal government should also assume responsibility for part of the maintenance costs of the highway. The hon. member was then very well disposed for he added that he had been a consistent supporter of that policy since 1949, when the act had been adopted.

As for the hon. member for Victoria (Ontario) (Mr. Hodgson), he said, that in his opinion the federal government should be paying 90 per cent of the total construction costs of the trans-Canada highway.

The present Minister of Transport (Mr. Hees) and the Minister of Justice (Mr. Fulton) seemed to favour a national highway system with the federal government footing the bill.

Therefore, as I said, we had good reasons to expect more drastic amendments. However, such is not the case, for the Minister of Public Works stated in the house last Friday that the cost of the agreed works, as at February 14, 1959, had reached $462.3 million, and that the federal government share would amount to $277.5 million, i.e. $27.5 million more than the amounts already approved under the act and its 1956 amendments. In other words, this additional $100 million will serve only to pay the contribution of the federal government toward the completion of the trans-Canada highway.

Mr. Chairman, I do not want to take up too much time in dealing with this matter; however I should like to take this opportunity to direct a few questions to the Minister of Public Works before going into other aspects of this resolution.

I would therefore ask the hon. minister that when he closes the debate he kindly tell us what amounts have been spent to date in the national parks, and what is the estimated cost of the work which remains to be done in the parks. I was glad to hear that the work has been completed in Banff and Yoho parks, and that most of it is also completed in Terra Nova park in Newfoundland. There remains, however, quite a good deal of work to do in Glacier and Revelstoke parks. Consequently, I should be grateful to the minister if he would tell us what amounts have been spent so far on work already done in all the national parks along the trans-Canada highway, and to give us, as well, an estimate of how much it will cost to finish the job.

The Minister of Public Works' report on the trans-Canada highway for the fiscal year ending March 31, 1958 gives the number of miles of graded roads. According to table no. 1, which I find on page 4 of that report, I note that the approximate number of miles of graded roads on the trans-Canada highway is 4,238 miles. The same table also gives the number of miles of paved roads as at March 30, 1958, i.e. 2,983 miles.

However, according to table 3, which the Minister of Public Works recorded in *Hansard* last Friday, it appears that the number of completed paved roads amounts to 2,101 miles, to which must be added 950 miles paved prior to December 1949.

Table 3 also shows that reconstruction of those 950 miles of highway will depend on provincial plans and available funds, which means that altogether 3,051 miles of highway have been completed.

If you take this total of 950 miles that will probably have to be repaired or rebuilt, you find that the difference between 2,983 miles, as of March 31, 1958, and 3,051 miles, as of January 31, 1959, is very small. That is why I am wondering whether the number of miles completed on February 14, 1959 was not higher than the figures indicate. Otherwise, it would mean that very little paving was done in the summer of 1958. I may be wrong and perhaps the tables are not too clear in that respect.

Mr. Chairman, there is another aspect of the matter which is of particular interest to people in the province of Quebec. It will be recalled that in 1949, when the Trans-Canada Highway Act was passed, many Quebec people showed great interest in the scheme; I, for one, was anxious to see how the provincial government would react. Unfortunately, the government of the province of Quebec has been unwilling to take advantage of this act, so that today it is receiving no money under this federal government offer which is designed to encourage the provinces to share in the construction of a trans-Canada highway.

As I understand it, the shortest distance across the province of Quebec and Edmundston, N.B. to a point close to the Ontario-Quebec border, is about 450 to 500 miles. However, the province could have chosen another route. In fact the people living in the northwestern area of Quebec were hoping, if the province decided to take advantage of this act, to be favoured with a road extending from Three Rivers or Quebec city, through the La Tuque area towards Senneterre, Amos and La Sarre, and going into Ontario as far as Cochrane, and then connecting with the northern Ontario highway. This would have meant a much shorter distance for people travelling to western Canada, and Quebec people would have had a second east-west highway available to them.

It may seem rather odd to discuss a second trans-Canada highway when the province did not even take advantage of the plan to build a highway that might be called the first connecting highway between Montreal and Ottawa, and which is certainly the most important and most travelled highway. There is no doubt, however, that the province, with the money it could have received under this act, could have built a highly attractive highway for tourists, which would have enabled people living in the northwestern area of Quebec to reach the capital city of their province much more easily.

I think this would certainly have benefited the people of Quebec. It may be useless to say more about that matter but, just the same, I think that, if even today the government of the province of Quebec wanted to take advantage of this legislation, the federal government would not object and the people of the province would be quite happy.

I will probably have the opportunity to say more about this bill on second reading. Until then, may I repeat that I am in favour of the amendment, since it will allow the nine provinces that signed the agreement to complete the trans-Canada highway. The minister said he hoped that the provinces will do all they can for a maximum effort between now and the end of 1960. I believe the minister is anxious to have the trans-Canada highway completed by December 31, 1960 at the latest. Besides, that is what the—

(Text):

Mr. Green: 1960.

Mr. Dumas: 1960; 1960, that's what I said.

(Translation):

The minister is quite anxious to have the highway completed by the fall of 1960. Besides it was the goal of the former government and yet, when in 1956 we mentioned that the highway could be completed by the end of 1960, our hon. friends opposite, who, at the time, were sitting on this side of the house, said that it was impossible to complete the highway before 1965. Well, we can now see that, with a little effort on the part of the provinces, the highway will be entirely completed on December 31, 1960.

(Text):

Mr. Peters: I should like to make a few comments on one aspect of the trans-Canada highway. We appreciate the assistance the minister is now giving. As we know, the area—and I can speak only for the one I personally know—in northern Ontario from Agawa to Nipigon is very picturesque, but is a difficult area for highway construction. We hope this area has a highway in the near future, and that the Canadian people will be able to travel to western Canada by that route.

However, we have in Canada now a highway link that creates a trans-Canada highway for people travelling across Canada by the use of Ontario's No. 11 highway from North Bay to Nipigon. I think some consideration should be given to assistance to the province of Ontario for maintaining this as a part of the trans-Canada highway. This highway has been open for a number of years. It has also been in places a difficult highway to build, not necessarily for the same reasons as will be found through the Nipigon area. But this highway, because of United States taxation on highway transports, is now bearing a larger brunt of traffic than that for which it was constructed. In that area there are now between 150 and 200 heavy transports

every day travelling on a highway that was constructed in 1936 for light transports and passenger cars.

Some of the points that I am sure could be argued would be in connection with what we consider to be a trans-Canada highway. This highway at present is the only link that Canadians can use if they travel from east to west. I think there is some justification for asking that this highway be maintained, if not as a trans-Canada highway then as a secondary part of the trans-Canada highway in Ontario, particularly northern Ontario, where the distances are great.

The traffic is not going through a similar area when it goes over the present No. 11 highway route, to that through which it would go if it went over No. 17 highway through the Agawa area. While we appreciate the amount of money that will be advanced, and certainly agree that the advancing of this money to complete the particular link from Agawa to Nipigon is absolutely necessary, I believe some money should be given in addition to help create and maintain a second highway with specifications similar to those demanded by the trans-Canada highway through that part of the country.

This road is also receiving a great deal of winter traffic which imposes additional burdens on the province by the fact that the snow has to be removed. Heavy frosts go down into that highway. As long as the trans-Canada highway is going to be carrying heavy transports on an interprovincial basis, I think this is a justification for consideration being given to maintaining this as at least a temporary link on the trans-Canada highway, and financial assistance should be given according to that consideration.

Mr. Batten: Mr. Chairman, I rise to support the resolution we are now discussing. I should first like to commend the minister for the very comprehensive statement he gave on Friday, and also for the recent figures he gave, which were later than those contained in the report for the year ending March 31, 1958.

As everyone knows, the original Trans-Canada Highway Act became effective on December 10, 1949, and that act provided for contributions under three headings. First, there was a contribution on a 50-50 basis provided for new construction. The total under this heading, not counting the additional 40 per cent, up to March 31, 1958 was $135 million. In my own province of Newfoundland the amount spent under this heading was $9.5 million. This act also provided for a sharing on a 50-50 basis of the cost of prior road construction between April 1, 1928 and December 9, 1949. Under this heading, up to March 31, 1958 the federal government had spent approximately $9 million. Under this heading the province of Newfoundland received no contribution, for the simple reason that in that province there was no prior construction which could be included in the trans-Canada highway.

Under these two headings there was no provision made for construction in any province between December 9, 1949 and the date on which a province might sign the agreement. Therefore it was agreed by special vote to make contributions for interim construction. Up to March 31, 1958 this total had been approximately $1.5 million. In my own province the contribution was $156,000. This agreement, incidentally, was signed by Newfoundland on June 23, 1950. However, by the end of the 1955 construction season it became very evident that this trans-Canada highway would not be finished by the expiry date of the act, which was in December, 1956. For the nine provinces participating in the program only about 1,525 miles had been completed, or 35 per cent of the total. Up to that time the province of Newfoundland had graded 215 miles, but no paving had been done along almost the whole of the 600 mile route.

On November 14 and 15, 1955 a federal-provincial highway conference was held. It was pointed out at that conference that there was no province where there was no highway of any kind over more than 10 per cent of the route. This conference led to the Trans-Canada Highway Act amendment of 1956, under which the federal government was to pay to each province 90 per cent of the cost of 10 per cent of the total provincial mileage. On account of this 40 per cent additional contribution, the federal government had paid out up to March 1, 1958 about $10.5 million. Up to January 24, 1959, according to the figures given by the minister last Friday, the total amounted to some $17 million, of which Newfoundland had received about $1,156,000. Under the 1956 amendment the total limit of expenditure was increased from $150 million to $250 million. The present resolution is to increase this amount from $250 million to $350 million; but the expiry date of this act still remains 1960.

In my own province the total mileage to be covered is approximately 568 miles. Included in this is 25 miles in the Terra Nova national park. Of the remaining 542 miles there are 35 miles paved, 221 miles built and ready for paving, and 286 miles to be built to trans-Canada highway standards.

The total cost of completion is $58 million. Newfoundland's share of this amount will be approximately $28 million. This is obviously a lot of money for a province such as Newfoundland, when one takes into account the ability to pay.

Consideration of the difficulty in building roads, as well as to the supply of building materials, must be taken into account. These are greater problems in Newfoundland than in any other province of Canada, with perhaps the exception of British Columbia. In proportion Newfoundland has to build more mileage of trans-Canada highway than any of the other eight provinces under the agreement. The total mileage in Newfoundland is about three-quarters of the total mileage for Nova Scotia, New Brunswick and Prince Edward Island combined.

I have here a table showing the percentage which the population in each province is of the total population, and the percentage which the mileage in each province is of the total mileage of the nine provinces under the present agreement. I have also another table showing the number of miles of trans-Canada highway to be completed in each province per 10,000 of population. The population figures have been taken from the estimates issued by the dominion bureau of statistics on February 17, 1959, and the mileage figures have been taken from the report of the trans-Canada highway for 1958. Mr. Chairman, may I have the permission of the committee to have these two tables included in *Hansard*?

The Deputy Chairman: Has the hon. member permission to include these tables in *Hansard*?

Some hon. Members: Agreed.

Mr. Batten: The tables are as follows:

Comparing the percentage which the population of each province is of the total population with the percentage which the trans-Canada highway mileage in each province is of the total mileage.

	Per cent of total pop.	Per cent of total mileage
British Columbia	12.72	13.13
Alberta	9.99	6.52
Saskatchewan	7.29	9.38
Manitoba	7.14	7.14
Ontario	47.88	33.19
New Brunswick	4.75	9.01
Nova Scotia	5.81	7.19
Prince Edward Island ..	0.82	1.64
Newfoundland	3.60	12.80
Total	100.00	100.00

Excluding: Quebec, Yukon, N.W.T.
Excluding: Mileage in national parks.

Showing miles of trans-Canada highway per 10,000 of population in each province.

	Population	Mileage	Miles/10,000 of Population
British Columbia ..	1,563	568	3.6
Alberta	1,228	282	2.3
Saskatchewan	896	406	4.5
Manitoba	878	309	3.5
Ontario	5,887	1,436	2.4
New Brunswick ..	584	390	6.7
Nova Scotia	715	311	4.4
Prince Edward Island	101	71	7.0
Newfoundland ..	443	554	12.5
Total	12,295	4,327	3.5

Excluding: Quebec, Yukon, N.W.T.
Excluding: Mileage in national parks.

These tables show, Mr. Chairman, that Newfoundland, in proportion to population, is to build five times as many miles of trans-Canada highway as the province of Ontario or Alberta. When one considers the need for road construction in Newfoundland and the ability of our people to pay, at a time when large provincial grants are being made for local road construction, the discrepancy becomes much greater. Indeed, it appears that Newfoundland will be unable to meet the expiry date of 1960. A more realistic approach needs to be taken of this problem when we take into account the difficulties confronting the building of over 500 miles of road across the island of Newfoundland. The building of this road from the standpoint of economics has been long delayed, and if the island of Newfoundland is to be developed to the standard to which we think it can be, and which we hope it will be, the trans-Canada highway will play a very important part in that development.

Let me give you one illustration. We have here in Canada a tourist industry which is now Canada's third greatest industry. It is important not only from a national standpoint but also from the standpoint of income to provinces and to communities. It is big business, and in 1959 will approach nearly $400 million. I believe this industry can be developed in Newfoundland and will, indeed, be a very important one to my province.

I believe we have those things which would attract tourists but any tourist industry must be predicated on some convenient and comfortable method of transportation. The motor vessel *William Carson* which operates between Sydney and Port Aux Basques offers a quick and convenient method of transportation to the island. This, together with the trans-Canada highway across the province and also with the local facilities provided by

the development of local roads, will do much to develop this industry in Newfoundland. It has a great potential in our province and I believe that with a more realistic approach to the building of the trans-Canada highway we can build up this industry in Newfoundland so that it will not only become important to Newfoundland as a province but also an important part of the whole industry nationally.

Of course, to build up a tourist industry we must have a means of transportation that will be satisfactory to the people who come to Newfoundland from other parts of Canada and from the United States. The trans-Canada highway will also be important to business and commercial concerns. With the highway we will have, for example, a means of having tourists in Newfoundland travel from one side of the island to the other which they are presently unable to do. We will be able to receive tourists from the mainland of Canada and from the United States and of equal importance Newfoundland people will be able to leave their island province and go to other parts of Canada and the United States.

Over the last few years motor traffic has become big business in Canada. In 1915 there were 60,000 cars and 533 trucks in Canada. By 1933 this had increased by one million. By 1948 a second million had been added and by 1952 a third million and it was estimated in 1952 that by 1960 the number of vehicles in Canada would approach a total of 4,500,000. I would think that even now this figure has been well exceeded. In 1959 Canadians in cars and trucks will travel almost 15 billion miles. The tonnage of freight by motor transport will exceed the combined tonnage carried by rail, air and water. There are over 10,000 communities in Canada that depend upon highway transportation for their existence.

Over the last three decades great advances have been made in improving motor vehicles. I believe it is not to our credit when we are able to say—and I feel we can say it with truth—that the research and development which has gone into improving motor vehicles has not gone into improving and developing the roads upon which they are to be used. It is for this reason and others that when I sat on the government side of the house I contended that the trans-Canada highway should be completely built and financed by the federal government. I still hold that view. However, I support the resolution that is before us today because it does make available to the provinces more money to carry out the work that they are to do.

In closing I should like to address my remarks to the Minister of Public Works. I think no one will deny that in his capacity as minister of this department he has done a fine job with respect to national housing. I feel that has been done because of the energy and drive which the minister has personally put into the tackling of this problem. A good job has been done in that direction because the minister has taken national housing under his wing. I should like to suggest to him now that he attack some of the very serious problems concerning the trans-Canada highway in Newfoundland with the same degree of energy and drive and take this project under his wing.

Mr. MacLean (Winnipeg North Centre): Mr. Chairman, I wonder if when the minister makes his remarks he could give me the estimated cost of the Winnipeg by-pass and the date on which it is hoped that this by-pass will be completed?

(Translation):

Mr. Bourget: Mr. Chairman, I think that the only purpose of this resolution is to increase by $100 million the amount that the federal government may give the provinces towards construction of the trans-Canada highway.

As mentioned, that legislation was introduced in 1949 by the previous government Had it not been for the last war, that construction would certainly have started before 1949, because long before then everybody agreed that that highway was most necessary not only to provide employment, but more especially for other reasons that are important in the life of a nation. Indeed the trans-Canada highway—and this is perhaps better realized now, will bring the provinces closer, promote the tourist industry, step up interprovincial trade, help develop Canadian business, industries and natural resources and, finally, in wartime, could be used by our forces and for the evacuation of our cities if need be.

According to estimates made in 1949, the highway should have been completed by 1956. However, because of the Korean war, shortage of equipment at different times, and topographical difficulties, especially on the stretches crossing British Columbia and Northern Ontario, and also because of bad weather and perhaps because the provinces had more important projects in hand, it has been impossible to complete that highway at the set date, that is at the end of 1956. That is why, in 1956, the government introduced certain amendments into the act adopted in 1949. Those amendments were as follows: the original amount which, at first, had been set at $150 million, was increased by $100 million.

This brought the federal government share to $250 million. Then the dateline for completion was set for the end of December 1960. Finally, under the third amendment, the federal government provided the provinces with additional help, agreeing to pay 90 per cent of construction costs on 10 per cent of the total highway mileage in each of the provinces.

Results proved that that offer, particularly under the third amendment I just mentioned, that is the 90 per cent formula, was welcomed by all provinces. And that is why the federal government expenditure increased considerably during the last two fiscal years.

Besides, on the minister's own admission and according to figures he gave us on introducing this resolution, construction work on the highway was stepped up from 1956 on. In fact, he said that from March 31, 1956 to this day, that is, in the last three years, $236.5 million worth of works were approved, compared to $225.8 million during the six-year period from 1950 to 1956.

I think it is only fair to say that the progress which has been achieved to date is largely due to the former Liberal administration, which had devised this new formula to help the provinces complete this highway as fast as possible.

When those amendments were introduced in March 1956—I remember it quite well for it was in a way, my maiden effort, having been entrusted by the minister on that occasion to introduce the resolution to the house—we ran into bitter criticism and blame by many members who are now on the government side. I do not intend, Mr. Chairman, to quote all the remarks made at the time, nor refer to the nice promises of the Minister of Justice (Mr. Fulton), of the Minister of Transport (Mr. Hees) and of the member who might become the parliamentary assistant to the present Minister of Public Works. However, on that occasion, they made no bones about charging the government of the day with doing too little and too late. They criticized us for not paying 90 per cent of the highway cost; some of them possibly went too far, even suggesting that the government should pay the whole cost.

We were accused of leaving the whole responsibility to the provinces, of refusing to take charge of the maintenance of the highway after its completion, and many other things that would be too long to mention at this time. In short, they claimed that the federal government contribution at the time was practically non-existent.

Even the present Minister of Public Works (Mr. Green), though a cautious man, felt obliged to join in the discussion and to berate the former government rather sternly. He might go over, with much interest indeed, the recommendations or proposals he made to the house on April 16, 1956. He might reread his own remarks to great advantage, not only to himself, but to the whole population of Canada if he decided, now that the matter is under his responsibility, to translate into fact the suggestions he made at that time.

Well, Mr. Chairman, that is why I was so disappointed, in reading this resolution, to find that the hon. minister and his government have so soon forgotten the great things they promised when they sat in the opposition. However, this comes as no surprise, because this is not the first time this government has forgotten its promises. There have been several cases since the government took office.

The act passed by the former government was not so bad, because not a single comma of the old act has been changed, and you have followed exactly the same procedure as we followed when we were sitting on that side of the house.

Moreover, Mr. Chairman, I feel that the members of the committee expected that when the minister would introduce this resolution, he would tell us what action the government has in mind in the way of assistance to the provinces for the improvement and modernization of our national highway system. Indeed, according to forecasts, the present trans-Canada highway will probably be completed by the end of next year. It seems to me then that we should know a year in advance what the government is planning for the future. I hope that the minister also will tell us if he intends to call a conference this year and bring together the provincial ministers of highways to discuss that matter with them—as was done in 1955 under the previous administration—so that they know of government plans for the future.

As the committee knows, one province only, the province of Quebec, did not join that program. It is certainly not because there is no need for it in our province as well as in the others, but because of the stubborn

refusal of the leader of the Union Nationale, the premier of our province. And yet in our province there are miles and miles of roads which not only need improvement, but should be rebuilt altogether. I and several hon. colleagues saw samples of those during the last by-election in the Montmagny-L'Islet constituency. Furthermore, during the week-end, I read in a Quebec newspaper that when the highway budget was being considered in the legislative assembly, the provincial member for St. Hyacinthe asked the government to finish highway No. 9, i.e. Sir Wilfrid Laurier Boulevard, by adding a double lane to it. That request was quite reasonable in view of the heavy traffic on that highway. Well, what was the answer of the provincial minister of highways? He said that the addition of a second two lane span would cost about $30 million. Well, Mr. Chairman, I suggest that if the government of our province had agreed to take advantage of the federal legislation, it could have carried out that Sir Wilfrid Laurier road project without cost to the people of Quebec, because, according to the calculations I was able to make, those $30 million represent approximately the amount which the province could have received from the federal government, under the present legislation.

Mr. Chairman, I hope—

Mr. Pigeon: You are not talking about the printing bureau here!

Mr. Denis: Ottawa requires tenders; that is why he won't come in.

Mr. Pigeon: Stick to federal politics instead of referring to provincial politics.

Mr. Denis: Go write a leftist speech.

Mr. Bourget: Again, Mr. Chairman, I do not intend to be disturbed by these kind of interruptions—

(Text):

The Deputy Chairman: Order. It is regrettable that the province of Quebec is not in this highway system. We are referring to the trans-Canada highway and not to provincial roads. I must ask the hon. member to confine himself to what is before the committee.

Mr. Bourget: The name of the province of Quebec has been mentioned. It was mentioned even by the minister when he introduced the resolution. After all, we do realize that we are losing $30 million in our province and I think it is quite fitting that members from that province should raise the question and try to convince our friends from the province of Quebec that they should try to get in touch with their premier, their friend, so that we could share in this amount.

(Translation):

Mr. Chairman, I do not propose to dwell on the matter any longer, but as we still have 22 months to go before the agreement lapses, I hope the minister will be able, with the help of some of his cabinet colleagues, to convince the Quebec premier so that we might recoup at least part of what we have given up since 1949.

Mr. Chairman, it would be hard for me to close my remarks without referring to the outline given to us by the minister last Friday, when he introduced this resolution, and most particularly to that part of his remarks where he pointed out that a few months after he came to the cabinet, an official was sent to Banff to study the progress of the work being done on the trans-Canada highway. The minister then told us that the personnel of the department had advised that official to travel to Banff via the United States, although the trans-Canada highway was completed—and I quote his very words, or approximately so—in the three western provinces, with the exception of some sections. In his outline, the minister stressed the fact that the trans-Canada highway was as good as that of the United States, but he also pointed out that the public works department was so far out of date that it advised its officials to drive through the United States.

I hope I am wrong, or that I misunderstood the minister's words, or misread his remarks. However, if he did make them, I feel they hardly fit in with what he had previously said about the ability of his departmental officials. His remarks are unfair besides being illogical.

In fact, if the officials of his department are so far out of date, why does he still follow their advice or suggestions, more particularly in this case, when the completion of the trans-Canada highway is concerned, and while the present government is merely applying in all respects the legislation adopted by the previous administration?

I hope, Mr. Chairman, that the minister did not mean exactly what I have

read in *Hansard*, and if, by any chance, he meant it, I am sure he regrets it.

These are, Mr. Chairman, the remarks I wanted to make about this resolution, and I hope that I will have the opportunity, on second reading, to refer again to this very interesting matter of the trans-Canada highway.

Mr. Meunier: Mr. Chairman, I wish to make a few remarks on this resolution, because of the statement made last Friday by the Minister of Public Works (Mr. Green). Here is what I find at page 1244 of *Hansard*:

> Subsequent to this enactment nine of the 10 provinces entered into agreements for participating in this project. Quebec has not signed an agreement to participate under this particular statute. That famous old province did not make any agreement under the original act and it has not participated either under the amendments of 1956.

Mr. Chairman, I realize the minister's amazement when he describes that province as being old and famous, but may I say to him that if, in his opinion, the province of Quebec is backward, such is not the case with all those who live there.

Mr. Pigeon: Mr. Chairman, I rise on a question of privilege. The hon. member is out of order.

(Text):

Mr. Green: I said nothing about the province of Quebec being backward. In fact, I think it is very progressive.

Mr. Meunier: That is what I said.

(Translation):

Mr. Chairman, Quebec is the province where the unemployment situation is most serious at the present time. If the provincial authorities had joined the trans-Canada highway construction program, not only would they have benefited by it in many ways but they would have relieved unemployment.

The province of Quebec is admittedly losing about $28 million by refusing to join the trans-Canada highway construction program, and its refusal is based mostly on a false concept of autonomy.

Mr. Chairman, to back my statement, let me give an example of the contradictions involved in that false double way autonomy.

Mr. Pigeon: Mr. Chairman, the hon. member is out of order.

Mr. Meunier: Mr. Chairman, the hon. member for Joliette-L'Assomption-Montcalm does not understand anything about this matter.

(Text):

I am dealing with the statement made by the minister in explaining the resolution. The hon. member for Joliette-L'Assomption-Montcalm understands nothing because he is always in a narrow straitjacket and cannot understand anything.

(Translation):

Mr. Pigeon: Mr. Chairman, we are here to discuss national problems and not provincial matters.

(Text):

Mr. Meunier: That is a national problem.

(Translation):

Mr. Bourget: Is the province of Quebec not part of Canada?

Mr. Boulanger: Tell us about the provincial farm credit.

Mr. Meunier: Mr. Chairman, I would like to give an example of the contradictions found in that false double way autonomy, to back up what I say.

On February 20, last Friday, the provincial minister of highways obtained from the Quebec legislative assembly an $800,000 vote for the elimination of level crossings—

Mr. Pigeon: Order.

(Text):

The Deputy Chairman: Order. I will have to ask the hon. member to come back to the trans-Canada highway and not deal with provincial matters, especially with a province that apparently has not signed an agreement.

Mr. Pickersgill: Mr. Chairman, on the point of order raised by Your Honour, surely the minister will be the first to agree that this legislation applies equally to all the provinces of Canada and the fact that the government of Quebec has not seen fit to take advantage of the legislation surely should not preclude a member representing a constituency in the province of Quebec from pointing out the advantages to his constituents of the government of that province taking advantage of the legislation. That, I apprehend, is what the hon. member is doing.

The Deputy Chairman: That, of course, is strictly a provincial matter and he cannot discuss proceedings that take place in a provincial legislature. The Chair is being quite lenient in allowing members to make these references in order to try to make their point, but I hope that they will not labour this matter.

Mr. Meunier: This is a national problem. This is a national highway.

The Deputy Chairman: Order. The hon. member for Papineau has the floor.

(Translation):

Mr. Meunier: Mr. Chairman, those people cannot see the difference between true autonomy and phony autonomy.

Mr. Tremblay: Order.

Mr. Meunier: Mr. Chairman, I was saying that for the general good of the people of Quebec province, the provincial authorities accept federal subsidies for railway crossings; however, when it comes to the trans-Canada highway, they turn down the subsidies.

Those are the points I wanted to make, Mr. Chairman. In accepting those subsidies from the federal government as regards railway crossings, the province of Quebec is yielding nothing of its autonomy, but in accepting subsidies for the trans-Canada highway, it considers that its rights would be infringed upon.

It may be, Mr. Chairman, that the matter of calling for tenders and the matter of asphalt thickness would make things difficult for the provincial authorities in their dealings with the federal government, but for the general good of the people of Quebec, the provincial government might perhaps unbend a little. I know the Minister of Public Works to be a persuasive and convincing man. I therefore hope he will succeed in urging upon the ministers and members of the Quebec provincial government that it would be to the advantage of the province to use that money for building the trans-Canada highway, and that no encroachment upon the province's autonomy would be involved.

Mr. Chairman, sometimes a good case is lost through the stubbornness of the other party, because sound reason and logic do not always prevail. Therefore, if the Minister of Public Works should fail in his efforts to have the Quebec government join in the trans-Canada highway construction scheme, I would ask him to extend the life of the act beyond December 31, 1960, because during the year 1960 a government that really understands the interests of the people of Quebec might well be elected.

(Text):

Mr. Argue: Mr. Chairman, the resolution before the house is one that commends itself to members of all parties. I want to associate myself with others who have asked that the program be extended to a national highways system. I think the arguments in favour of that being done are cogent. I believe that the Minister of Public Works is aware of the great advantages that would accrue to the Canadian economy from an expanded highway program. The statements made by various cabinet ministers when in opposition as to the great need for action at this time have already been placed on the record many times.

I have notice that members of the Liberal party have been quoting resolutions passed at their annual conventions, Liberal policy on transportation drafted in the 1958 annual convention—

An hon. Member: You were there.

Mr. Argue: I was there for a few minutes and I enjoyed myself. I had my picture taken under a sign reading, "Pearson for Progress".

Mr. Bourget: The best convention ever held.

Mr. Argue: It may have been the best convention you ever held but the net results were very poor, judging by the election.

The policy statement found on page 39 of the report reads:

> Assistance to the provinces and territories for developing roads to the north and consideration of a policy of a federal-provincial-municipal highway program aimed at providing a modern network of trunk highways.

We now have the programs of the two old parties. When the Conservatives were in opposition, they were in favour of a national highway system. They wanted an expanded program. When they become the government they continue the Liberal policy that was in effect. Members of the Liberal party, once they became the opposition, see the error of their ways in 22 years of government, and they have broadened their policy. They have had a national convention, and now they have a Liberal vision of an expanded highway program. The trouble with the two old parties is that they always have a visionary program when they are in opposition.

Mr. Pickersgill: That was not true in 1949 when this program was started.

Mr. Argue: This was a good start, and for 22 years this is what has been done. The Conservatives are continuing it. The point I am making is that this was all that was done. Once the members who were in the cabinet of the previous Liberal administration got to the opposition side of the house they took an entirely new attitude. It is surprising the amount of knowledge they have gained merely by taking a few steps from one side of this house to the other. I think that talk in opposition and inaction in government is scarcely the thing the Canadian people desire.

I am most proud that the province of Saskatchewan, where we have a C.C.F. government, has the distinction of being the first province in Canada to complete its section of

the trans-Canada highway. As the Minister of Public Works has pointed out, and I do not want to be unfair to other provinces, there are a number of provinces that are close behind. Given some time, and perhaps a different look so far as financial policy is concerned from the Minister of Finance, they will be able to obtain the provincial funds necessary to complete the building of their sections of the trans-Canada highway under this partnership arrangement.

There are a number of things that should be done, and I suggest there are a number of reasons why there should be an expanded program. There is a need, I would suggest, for an expanded highway program to meet increased automobile traffic in the years ahead. The whole question of traffic on the provincial highway systems and the question of traffic through cities, is one which causes a measure of concern to every provincial government and to most municipal governments. Canadians are asking this government to play a more substantial role in the provision of highway services in this country. We are probably 40 years behind the United States in our federal highway program. I believe that is too great a distance to be behind the United States in the development of such a highway program. Admittedly, for a country with as small a population as ours, and our vast distances, it poses a very difficult problem.

However, even though it is a difficult problem, our need for this kind of federal transportation policy is probably even greater than that of a country like the United States which is more densely populated. There is another great advantage to Canada in the development of a trans-Canada highway system, the development at any rate of a system of interprovincial and intraprovincial highways as well as interurban highways, and that is the great attraction that these facilities provide to tourists coming into Canada. The greater the number of tourists who come to our country to use our roads, the greater the revenues to all levels of government in this country. Certainly the provision of an adequate system of highways is most important in attracting tourists.

There is another urgent reason at this time why there should be an expansion of the federal government's role in the building of highways. We have a very substantial number of unemployed and the extension of the highway system would assist in putting people to work and in dealing with the whole question of unemployment. We have the resources available for the building of further trans-Canada highways, north and south roads and a more adequate highway system in this country. When the former administration undertook this program back in 1949 it was at a time when there was still some argument that equipment was scarce. We had something approaching full employment, and the federal government at that time could say that in embarking upon an expanded highway program they were merely competing for the resources that were being already fully utilized.

This can no longer be said because resources for building highways are at hand and, in certain instances, are idle. They should be put to work. I would ask the minister at this time to give consideration to the building of the second trans-Canada highway, as it has been named, as well as provision for a program for building north-south roads, a program providing federal money for other main roads and providing federal money for roads going through urban centres. I have also brought to the attention of the Prime Minister the fact that Senator Neuberger of Oregon has a bill before the United States congress asking congress to provide money for paving, on a joint basis with Canada, the Alaska highway. I think that is a suggestion that should not be turned down, as the Prime Minister has already done, but is something that the Canadian government itself should support and promote, both because it would be providing an excellent highway for the people whom it serves and would be providing services that would undoubtedly increase the tourist traffic within our country.

I want to ask the minister whether any consideration has been given to the calling of a highway conference to discuss an expanded highway program in this country. I would ask the minister what study, if any, has been made within his department of the road needs of this country and the method, if possible, of the federal government's participation in a second trans-Canada highway, shall we say, or in main north-south highways? I would ask the minister whether his department, in the light of severe unemployment in this country, has made any study of the labour content of highway construction? To what extent can a program of expanded highway construction in this country provide employment for people who are now out of work? This might not be the kind of work that lends itself to winter employment, but it is certainly the kind of work that lends itself to summer employment, and from all indications it would seem Canadians will need expanded programs of many kinds if we are to reduce, during the summer, to a very low figure the very high levels of unemployment that now exist.

I would ask the minister also how many provinces have shown an interest in an expanded highway program in Canada. I am wondering whether the four western provinces, for example, have had any communication with the minister as to the desirability of proceeding with a second trans-Canada highway in that area. I know that the Saskatchewan government on previous occasions has asked the federal government to embark on a second trans-Canada highway and in particular to provide on a co-operative basis for a joint program of highway construction within that province. I think the minister is well aware of the position that has been taken by the Saskatchewan government. I think it is a fair position. The Saskatchewan government points out the great advantages that have accrued to that province from the trans-Canada highway.

I have in my hand a file of correspondence between provincial governments and the federal government dealing with this subject. In it there is a letter addressed to Hon. Howard Green, Minister of Public Works, Ottawa, Ontario; dated Regina, May 27, 1958; and signed by J. T. Douglas, Saskatchewan minister of highways. In that letter on page two, Mr. Douglas has this to say:

> The trans-Canada highway is an outstanding example of the effect of high class highway construction as a stimulant to the economy. The 406 miles of this road in Saskatchewan carry an annual total of approximately 200 million vehicle miles, or nearly nine per cent of total travel in Saskatchewan. Maximum average traffic reaches volumes of approximately 5,000 vehicles per day, and the average annual daily traffic is approximately 1,340 vehicles. These figures are rather surprising when the sparse settlement of certain sections of the route is considered, and this high degree of use can be contributed chiefly to the existence of a consistently high standard road.

That emphasizes the fact that the building of such highways attracts a high level of automobile use which means, of course, increased use by Canadians and by tourists. Mr. Douglas goes on to state as follows:

> We have noted a steady and high rate of increase in total travel in Saskatchewan in recent years. This improves the revenues of both provincial and federal governments but carries with it a responsibility to provide adequate facilities for this increasing volume of traffic. According to the Gordon commission report direct costs associated with the motor vehicle accounted for nearly 22 per cent of the gross national product in 1953. It has been estimated that one person in seven makes his living directly as a result of the motor vehicle.
>
> Main highway construction is a leading type of public work with respect to the alleviation of unemployment problems.

I point out that this letter was addressed to the minister on May 27, 1958. Mr. Douglas continues:

> It has been estimated that the labour content of road construction is in the order of 27 per cent of total expenditure. This is on site labour and the indirect effects are, of course, substantially greater.

The Saskatchewan government has also played a co-operative role in building the trans-Canada highway section within that province. The government of Saskatchewan is anxious to co-operate with the federal government now in the provision of additional highway facilities within that province. The Saskatchewan government, in the light of the unemployment situation in Canada, is most anxious that the federal government adopt a program of expanded highway construction in order to deal with the unemployment crisis in this country.

I therefore make a plea to the minister that he use his influence in the cabinet to have this present program greatly expanded to include a second trans-Canada highway, north and south roads and the main roads now being used by the people of this country. I believe that is the kind of program for which the federal government, in the interests of Canada, might well consider borrowing in order to defray the cost. This is not an investment that is lost or an expenditure that does not result in long term good. As Mr. Douglas has so well pointed out, investment in highways in this country not only provides additional services for Canada but in fact increases the revenues accruing to governments at all levels. These highways will be used by Canadians in the main but they will be used by tourists and the increased revenues developed from the use of those highways, I submit, for the life of the highways will make this investment self-liquidating for the Canadian nation. I ask the minister what consideration has been given to adopting the suggestion made by the Saskatchewan government and others that the present trans-Canada highway program be greatly expanded at this time.

(Translation):

Mr. Boulanger: Mr. Chairman, I should like to take but a few minutes of the committee's time to say that I endorse this resolution because it will not only contribute to the progress of Canada, but also to the solution of unemployment.

At the present time, nine out of ten provinces have agreed to take advantage of this legislation. The province of Quebec alone has refused. I was figuring a moment ago what would have been the individual share if the province of Quebec had accepted the $35 million that the federal government was putting at its disposal and which would have benefited the whole population. My figures show $7 per capita, or $35 per family of five persons. You might say that such an amount

is not important, but if we multiply it by the number of Quebec citizens it runs up to $35 million.

We, of the province of Quebec, are wondering why the premier of that province did not agree to come under the act. There are many Conservative members from that province here, but not one of them has risen in his place to express an opinion on the matter. We know that these hon. members would jeopardize their position if they did express an opinion. I am urging them in any case to endeavour to find a compromise, so that the Quebec premier might accept that agreement.

Mr. Chairman, I should now like to direct but a few questions to the Minister of Public Works (Mr. Green) and offer him a few suggestions. I should like, first of all, to ask him to put aside the sums of money which it would cost to build the 413 miles of highway in the province of Quebec; I would ask him to do so in accordance with the procedure used in regard to assistance to the universities and, when we have a government which is favourable to the development of a highway system in the province, we shall then be in a position to accept them.

I would also ask the minister to get in touch with the Quebec premier in order to inform him of that proposal designed to improve the terms of that legislation, and to ask him whether he is prepared to agree to it. If the minister cannot get in touch with him in writing he could at least send him a telegram in order that we may obtain a reply as soon as possible.

Those are the few remarks I had to make about this resolution. I would have liked the Conservative members of the province of Quebec to tell us what they think of it, and to explain to us why the province of Quebec is turning its back on that assistance. Back home, we say it is because of autonomy—

Mr. Tremblay: It is up to you to ask the question.

Mr. Boulanger: —we would be happy to know. That is why I am asking the Conservative members from the province of Quebec to express their opinion on the matter. We would be curious to know what arguments they would use in explaining to their fellow citizens that the federal government is impinging on a field reserved to the province. It is up to you Conservative members from the province of Quebec to give an opinion.

Mr. Habel: Mr. Chairman, I do not intend to stretch this debate. We have already had some good explanations from the minister, and other members have taken part in the discussion. They were mostly members from the opposition, because like the hon. member who spoke before me, I noted that Conservative members from my native province have kept quite silent. However, I trust that none of them will have to call me to order, because I have no intention of discussing the trans-Canada highway of the province of Quebec.

An hon. Member: There is none.

Mr. Habel: I shall be satisfied with reaching to the border. In the constituency that I have the honour to represent, we have the only trans-Canada highway in existence since 1946. It has been improved in the last few years. I think the Department of Public Works, the federal government and those same hon. gentlemen who, when they were in the opposition, kept telling the former government that it should be more generous in its contributions for the construction of the trans-Canada highway should now seriously consider helping in the construction and completion of the second trans-Canada highway in the province of Ontario.

I was saying that we have the only trans-Canada highway now existing. In fact, up to 1949, the only trans-Canada highway in existence was highway 17, between Ottawa and North Bay, highway 11 between North Bay and Cochrane, and highway 11 between Cochrane and Nipigon, Port Arthur and Fort William. Today, in addition to being the only highway, it is the only highway that can be used in Canada by transport trucks. In 1949, as I recall it, the provinces were allowed to choose the location of the highway. In 1950, the premier of Ontario was seen to change the location of the trans-Canada highway to make it go through every constituency represented by a minister of his cabinet, which substantially shifted its course from the already existing highway.

I would ask the minister to review the situation and to see whether a contribution might not be made to the completion of a second section which, I would say, is already 75 per cent completed. As was stated by the hon. member for Timiskaming (Mr. Peters), heavy motor transports are using this highway on a year-round basis at the present time. In fact, it can be said that 75, and even up to 250 transport trucks use it daily. Maintenance of this highway is costing the province a lot of money.

I think the province of Ontario may have previously filed a request with the Department of Public Works, for a contribution for the completion of that highway.

I must say, Mr. Chairman, that on three different occasions, the Conservative candidates in my constituency had promised to obtain that the trans-Canada highway would go through our area. Naturally, since it now crosses our area, I would wish the Minister of Public Works, who habitually has a straightforward approach to everything, to consider the possibility not only of contributing to the completion of the present highway but also of building the 52-mile section between Norembega and La Reine, which would then connect Montreal with Cochrane. I stop there, because I have now come to the boundary of the province of Quebec. Not only would such a highway be used by transport trucks, but it would be vitally important from a national defence standpoint. In fact, in 1941 and 1942, the 153-mile section between Hearst and Geraldton was built by the provincial government especially for defence purposes.

Therefore I think the advisability of building that section between La Reine and Cochrane, might be considered jointly with the Department of National Defence. This would provide a direct highway between Quebec and the western provinces without going through Ottawa and North Bay.

I leave the matter with the minister. I hope he will be able to announce, when his department's estimates come up for approval, that a way has been found to contribute to the construction of that highway.

Mr. Denis: Mr. Chairman, I believe it is now five o'clock.

(Text):

Progress reported.

PRIVATE BILLS

BOILER INSPECTION AND INSURANCE COMPANY OF CANADA

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-8, respecting the Boiler Inspection and Insurance Company of Canada.

He said: Mr. Speaker, the prime purpose of this bill is to extend the powers of the company. But when extending these powers it was thought advisable when before the parliament of Canada to include amendments for other purposes.

The first purpose is to extend the power of the company to transact all usual classes of insurance except that of life insurance.

The second is to increase the authorized capital of the company from $500,000, with power to increase up to $1 million; to $1 million, with power to increase such capital up to $2 million.

The third is to reduce the par value of the shares from $100 to $10.

The fourth is to change the requirement whereby the notice of the annual meeting must appear continuously for 15 days in a daily newspaper to provide that the 15 days' notice be inserted only once in at least two newspapers within the district in keeping with the provisions of the Canadian and British Insurance Companies Act.

The fifth is to remove the limitations of dividends presently limited to 20 per cent of the capital in any one year.

I understand that this company is one of the oldest companies in Canada that specializes in boiler insurance. The company was incorporated in 1875 under the name Canadian Steam Users Insurance Association. Its powers were amended and extended in 1889 and in 1892. It is now considered desirable to further extend the powers to cover, as I said, all classes of insurance except life insurance.

The paid up capital of the company amounts to $300,000. The company now seeks to increase the capital because of anticipated future requirements. This is also necessary because subsections (2) and (3) of section 1 of the act require that the company have additional paid up capital in order to qualify for these additional powers. The present authorized capital of the company is $500,000 and the company at present has power to increase its capital up to $1 million. It now seeks to have its authorized paid up capital increased to $1 million with power to increase up to $2 million.

The book value of the existing shares of the capital stock of the company with a par value of $100 is in excess of $800 for each share. With the continued growth of the company and the resulting increase in the book value of the shares it is considered necessary to change the par value of the shares of the company by reducing it from $100 to $10. It has been suggested that this is to make the stock more marketable but I feel it is only fair to say that at the present time the company has no intention of putting the stock on the market. The company would not request this power were it not for the fact that it is here seeking the other primary amendments increasing its powers.

The request for authority to change the form of notice will represent a saving to the company and will serve to bring the practice in line with that followed under the provisions of the Canadian and British Insurance

Companies Act. The remaining provision is to increase the payments of dividends. As I said before the paid up capital is $300,000. There is a surplus of approximately $2,250,-000 which the company cannot pay out because of the limitation of the dividends.

The company has authorized me to state that if this bill is referred to the standing committee it will send officials to attend the meetings to answer any questions that hon. members may raise in respect of the bill.

Mr. Peters: Mr. Speaker, I wonder if the hon. gentleman would be prepared to give his undertaking that the company will give consideration to ensuring that only those boilers will be insured that are operated by properly certified engineers in keeping with the capacity and rating of each boiler?

Mr. Nasserden: Mr. Speaker, may I ask the hon. gentleman to explain the purpose of the provision in the bill which seeks to increase the dividend rate from 2½ per cent to 18 per cent?

Mr. Speaker: The hon. member will have an opportunity when the house is in committee of the whole to ask questions about the details of the bill.

May I inform the house that if the hon. member for Davenport (Mr. Morton) speaks now he will close the debate.

Mr. M. D. Morton (Davenport): Mr. Speaker, I have no authority to give an undertaking of the kind asked for by the hon. member for Timiskaming (Mr. Peters) and I suggest to the hon. gentleman that this matter be taken up in committee. In respect of the question asked by the hon. member for Rosthern (Mr. Nasserden), I would prefer that it be answered in the committee by the officials of the company thereby assuring that the hon. gentleman would receive the correct answer.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

BALOISE FIRE INSURANCE COMPANY OF CANADA

Mr. J. R. Taylor (Vancouver-Burrard) moved the second reading of Bill No. S-10, respecting Baloise Fire Insurance Company of Canada.

He said: Mr. Speaker, the sole purpose of this bill is to change the name of the company to Elite Insurance Company, and in French, La Compagnie d'Assurance Elite.

All the shares in the capital stock of Baloise Fire Insurance Company of Canada, except directors' qualifying shares, have been purchased from Baloise Fire Insurance Company Limited of Switzerland. One of the terms of the sale and purchase agreement is that the purchaser shall cause the company to change its name.

Mr. Chevrier: Mr. Speaker, I have no objection to this bill but I wonder why such a beautiful name as Baloise should be changed to Elite?

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CANADA ELECTIONS ACT

AMENDMENT TO PROTECT VOTING RIGHTS OF INDIANS

Mr. Frank Howard (Skeena) moved the second reading of Bill No. C-13, to amend the Canada Elections Act.

He said: Mr. Speaker, this is the third occasion on which I have had the opportunity to introduce this particular bill. I would suggest that it is probably more appropriate at this particular session than it was in the other two sessions when I introduced the subject matter. Incidentally, I might say that this bill should be taken and considered in conjunction with another bill, namely Bill C-15, standing in my name, which seeks to amend another act. Both of them deal with the same subject matter, namely that Indians in Canada, as defined in the Indian Act, be given the right to vote in our federal elections without any interference with or detraction from their treaty, aboriginal or hereditary rights. It is necessary to have the two bills because reference is made to Indians and the right of these people to vote in both the Canada Elections Act and the Indian Act.

I said earlier that it was probably most fortunate that we can deal with it at this session because, as has been indicated, the standing committee on privileges and elections will consider, review and study the Canada Elections Act, which this bill seeks to amend.

There is also on the order paper a notice to establish a joint committee of this house and of the other place to study and review the Indian Act, which is coupled with this question. I would hope that it would be the desire of this house to pass this bill and immediately refer the subject matter of it to the standing committee on privileges and elections, which will be dealing with the Canada Elections Act. If it is desired, it will be perfectly all right with me if later on some one should move a motion that the bill be not now read a second time but that the subject matter thereof be referred to the standing committee on privileges and elections, in which committee an opportunity

will be afforded thoroughly to discuss and study this particular question.

The right to vote of our native Indian population, as I have said on other occasions, is to me one of the most important steps that we can take to afford the Indian people the opportunity of playing the fullest possible role that they can in Canadian affairs and in our society. There are a number of provinces in Canada which give the native Indian people the right to vote in provincial elections. The province from which I come, namely British Columbia, has had such a provision since 1949. There are other provinces, namely Ontario, Nova Scotia, Newfoundland and New Brunswick, which also give their native Indian people the right to vote in provincial elections.

I know that there is some fear—completely unfounded, I may say—in the minds of native Indian people that by voting in elections they will lose some of their treaty rights, some of their hereditary rights or aboriginal rights. In its amendment this bill seeks to protect those rights and not to interfere with them if the native Indian person either registers to vote or in fact votes at a dominion election. I may say that the experience we had in British Columbia prior to 1949 indicated that these same fears and these same misunderstandings existed in the minds of the native Indian people in British Columbia. In the provincial election of 1949, which was the first year they were given the right to vote there, they were very reluctant to participate in voting for what they classified as the white man's government. I would say that the past experience they have had with the activities of those of us in years past who are not Indians indicated that there was some basis for the fears that they had. They felt that by voting or participating in elections they would lose some of the things, small as they are, that are in their favour.

But, following the election of 1949, they discovered that this was not so; that they lost none of the rights that they had, few as they might be. One of the major contributing factors to overcoming this misunderstanding and this fear which existed in their minds was the fact that in the 1949 provincial election one of their people, namely Mr. Frank Calder, was elected under the C.C.F. banner in Atlin, a constituency in northern British Columbia. That, coupled with the fact that those who did vote did not lose anything led the Indian people to believe that they had nothing to lose and everything to gain by participating in voting.

Following that we found in British Columbia that because these people, our first citizens in the country, were voters, candidates and political parties paid more attention to the problems, to the needs, to the desires and the rights of the native Indian people for no other reason than the political one, namely that here was a group of voters and therefore we should pay attention; we should understand their problems and try to deal with them. Accordingly, since 1949 there has been by political parties, by the governments of British Columbia, by individual candidates and by the population as a whole more and more an understanding of the problems of our native Indian people and more opportunity to deal effectively with them. I submit that the same thing is true in Ontario where, following the report of a legislative committee in that province, native Indian people were given the right to vote. The same needs existed, but there is now more desire on the part of the government, on the part of political parties, on the part of candidates, to deal with the problems of Indians and to deal with them at least effectively and systematically.

The same thing will be true throughout the dominion if we will only undertake to give them what is justly theirs, the opportunity to vote in dominion elections. I do not wish to reflect on any member of the house but I am sure that once that takes place every member of the house, if he has not already done so, will undertake to pay more attention to and study the problems of the native Indian people and we will then be able to legislate effectively on their behalf for the betterment of conditions under which they live and for their advancement so that they will have the opportunity to play the fullest possible role they can in our society.

I should like to refer for a moment to the objections we hear as to why it is not possible to give these people the right that is justly theirs of voting in dominion elections. I believe these objections have relation to three categories of Indians. First, there is a group of Indians who say that they want nothing to do with the white man's government, that they have their own government and recognize no other and that they do not want the opportunity to vote or even to be placed on the voters' list. They want to have absolutely nothing to do with the House of Commons or with participation in electing governments or members of parliament.

There is a second group who say they would like to be able to vote but do not want to lose what few treaty rights they have at the moment. This group has been

increasing because over the years provincial governments have been moving slowly toward giving these people the right to vote.

There is a third group, formerly the largest of the three but now diminishing, who say that they are not interested one way or the other in whether or not they get the right to vote. They are not too interested in voting. I submit that every member of the house will agree that a great number of non-Indian people in Canada fall into that same category. They are not the least bit concerned about participating in public affairs or voting and are not too interested in what the government is doing.

I submit that the proposed legislation will deal with each one of these groups. With respect to those Indians who do not want to participate in voting the bill deals with them because they will be in the same position as anyone else eligible to vote in Canada today. If the person does not want to vote that is entirely up to him. He does not have to vote. The bill does not force the native Indians to cast a ballot. It does not even force them to be registered or anything of that kind. Therefore I submit that the objections of that group are met.

As to the second increasing group, which various provincial governments have recognized and more will in the future, the group of Indians who want the right to vote and have their say in our parliamentary affairs, the provisions of the bill will meet the wishes of these Indians also. It will give them the right to vote without detracting from what few hereditary or treaty rights they have at the moment.

With respect to the third group, those who are not concerned one way or the other, I submit that the bill meets their wishes too because they do not have to vote if they do not want to. They will be in the same position as other citizens of Canada who are not Indians.

I would urge strongly that the house consider the bill in a favourable light. I am not suggesting that the debate be curtailed. I realize that there are only 30 or 35 minutes left, but in view of the fact that we have a standing committee on privileges and elections and there is every possibility that the elections act will be referred to that committee for study, I suggest to hon. members that the bill should be given speedy second reading and immediately thereafter be referred to the standing committee on privileges and elections so that the subject matter may be dealt with and considered by that committee. Failing that, if the house is not desirous of expressing an opinion one way or another on this matter, I would be more than pleased if any hon. member would like to move that the bill be not read a second time but that the subject matter be referred to the standing committee on privileges and elections.

Apart from the hope that the bill will receive second reading and become part of the statutes of Canada, my sole desire is that the matter be studied carefully in the standing committee on privileges and elections where representatives of the native Indian people, provincial governments and any other interested individuals or groups can present their ideas with respect to this matter.

A great many other things could probably be said but I should like to leave the matter with that brief outline of my thoughts on it and my reference to the three groups into which these native Indians fall from the point of view of giving them the right to vote under the bill. I would urge that the debate not be continued until six o'clock but that the bill itself or the subject matter be referred to the standing committee on privileges and elections.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, the purpose of this bill is to provide that Indians, as defined in the Indian Act, shall be entitled to vote at federal elections without loss of any of their hereditary, treaty, aboriginal or other similar rights.

This bill would help Canadianize the Indians.

The Conservative government's policy is to grant Indians the full status of Canadian citizens, and by way of example, I need hardly refer to the appointment to the Senate by the Prime Minister of Canada (Mr. Diefenbaker) of the Hon. James Gladstone, the first Canadian Indian to sit in the parliament of Canada. Mr. Speaker, this action on the part of the Prime Minister proves his sympathy for the Indians, the first citizens of our country.

Legally, and sociologically also, our compatriots of Indian origin fall into two separate groups: the Indians recognized as such by the federal administration, and those who would be called elsewhere "detribalized" Indians.

The difference between the two groups does not lie primarily on how much pure Indian blood flows in their veins or in cultural tradition but depends on whether or not they have been registered on the federal record of Indians. That record was established a few years ago only, under the new Indian Act of 1951. It would be too long, Mr. Speaker, to refer or explain the provisions of the act. It must be taken for granted that only the

170,000 individuals of Indian origin whose names appear on the record are recognized as Indians by the federal government. Others, legally speaking, are not Indians or have ceased to be Indians: they are just Canadian citizens.

If it were agreed across Canada to apply the word "Indian" exclusively to people recognized as such by the federal government, to define its meaning in purely judicial and sociological terms, and to cease using it to designate native people of the past or any of their present descendants, in general, there would be much less confusion, and our social native problem would become much clearer. I do not claim to be a sociologist or a jurist, but I will try to describe what an Indian really is in this particular meaning of the word.

Legal status of the Indian.

Basically, the legal status of Indian means the privilege, for the native Canadian so qualified, to live in a specific territory, vested in Her Majesty but for the exclusive use of the human community to which his father belongs. The territory is called a "reserve" and the body is called an "Indian band." As long as he does not voluntarily surrender that title or, as in the case of a woman, through marriage with a non-Indian, that citizen is entitled to his share of the collective receipts from the sale, rental or mining rights of that territory, in whole or in part. Mr. Speaker, as long as he enjoys this privilege, that is as long as he lives on a reserve, he is exempt from land taxation and tax on all income gained locally. Along with his children if he has any, he is entitled to free education and free medical care, if he is unable to pay for such medical services when required. If in need, he can qualify for assistance from the federal government or from the trust fund of the band. Again, if he wants to set up or improve a farming organization or other in the reserve, he may borrow the required money from the government or from the band. He may inherit any house or rent one already built, either through the band revenues or through the government, or he may build one on his own. Again if he lives on the reserve, he may, if he is of age, participate in the elections or become a member of the council of his band, which has powers more or less identical to those of a municipal council, but under the supervision of the government superintendent, whose presence is required for the validity of any decision. Mr. Speaker, many of those decisions, when of major importance, must also be ratified by the government in Ottawa.

This governmental control on the band activities in the reserve—

(Text):

Mr. Speaker: Order; I am not sure that I follow the relevance of what the hon. member is saying. The bill before us concerns an amendment to the election act, not the Indian Act, and while it is relevant to say who is considered to be an Indian, it seems to me the hon. member is going far beyond that.

(Translation):

Mr. Pigeon: Mr. Speaker, I would like to go on with the definition of the term "Indian-Canadian", but since I must confine myself to the content of that bill, I must say that the explanations I was giving about the Indians apply indirectly to that bill.

Anyway, the Conservative government has already taken steps in favour of the Indians and I think that the appointment of an Indian Senator helps to place in the public eye the first citizens of our country. I am sure that the Conservative government will continue to study the problem of the Indians in order to facilitate their integration in Canadian life.

And referring to Bill C-13:

An Act to amend the Canada Elections Act.

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Paragraph (e) of subsection (2) of section 14 of the Canada Elections Act is repealed.

2. Subsection (4) of section 14 of the said Act is repealed.

3. Section 14 of the said Act is amended by adding thereto the following subsection:

"(8) Notwithstanding anything in this Act or the Indian Act, an Indian, as defined in the Indian Act, shall not have any of his hereditary, treaty, aboriginal, or other similar rights detracted from by reason of having his name included in the list of electors for the polling division in which he was ordinarily resident on the date of the issue of the write ordering an election in the electoral district, or by reason of having voted at an election."

As I said earlier, Mr. Speaker, the Conservative government is more anxious than ever to take into consideration the problem of the Indians of Canada.

I feel sure that the ministers of the crown will continue their efforts to this end and, in closing, may I point out that the adoption of this bill would contribute to give more predominance to the first occupants of this country and to make true Canadians out of them.

(Text):

Mr. Jack Watten (Brantford): In rising to take part in this debate, I must congratulate

the hon. member for Skeena (Mr. Howard) for introducing this bill to the house. Since I have been a member of this house I have noted that he has taken a great interest in Indian affairs. While I do not subscribe to some of the thoughts that he expresses, certainly he is to be commended for his interest in Indians and their problems in this country. I quite agree with the principle of this bill because I believe the large number of Indians spread across this vast country of ours should have the opportunity of going to the polls and voting for the candidate of their choice.

I believe these people should have this right because certainly they are the first citizens of this land and the oldest allies of Great Britain here in Canada. When we think of the cold, hunger, persecution and dangers that these people endured in years gone by as our allies, it seems the least we could do for the present generation is to give them the right to vote freely, without fear of losing their rights, in federal elections. Some years have elapsed since some of the provinces gave the Indians the right to vote. I believe it was in 1949 British Columbia gave them the right; 1953 in Ontario and 1954 in Manitoba, to mention two or three of the provinces.

I can speak only for the reserve situated in my home county of Brant. The Hon. Harry Nixon, provincial member for that constituency, has taken a great interest in the affairs of the Six Nations reserve by trying to get the Indians to exercise their franchise. In the federal field, the hon. member for Brant-Haldimand (Mr. Charlton) represents these Indians here, and the members of the reserve honoured him a short time ago for the interest he has taken in them by making him an honorary chief. I have hoped for some time that a member of the Six Nations would be elected, either to the Ontario house or the federal house, because then he could more readily explain the thoughts and ambitions of his people to the other elected representatives.

The Six Nations reserve, partly in our county, is the largest reserve population-wise in Ontario. While it is not all confined to the township of Tuscarora, the biggest part of it is. On this reserve we have the problem of the elected council who do the business of the reserve and the hereditary council of chiefs of the long house who do not recognize the elected council as being the governing body. This is where the problem of federal voting would come in. The people who follow the elected council would probably give it serious consideration while those who follow the hereditary chiefs council would not accept it and would view the whole proceedings with some alarm.

Some of these people believe that they should not enter into any voting proceedings as they feel that they are a separate league of nations living in Canada, allies of the crown, governing themselves as far as possible and should not be called upon to vote in federal elections. Indeed, some time ago, when the national council of women held their convention they passed a resolution. We all know that the local council of women are a good group of people in the various communities in which they have these councils and the resolutions which they bring forward are worthy of consideration by the members of this house and of other houses. They brought forward a resolution urging that the Indians be granted the vote. I have here a statement sent in by one of the hereditary chiefs of the Six Nations reserve. He is very blunt in this statement. Right at the start of it he tells the national council of women to mind their own business. If I may, I should like to read just a short statement that the gentleman made. This is Mr. Arthur Anderson, senior. He is secretary of the hereditary chiefs council. This press report states:

> A spokesman for the Six Nations hereditary council said today that the national council of women should mind its own business on the question of a vote for Indians.
>
> Arthur Anderson, Sr., secretary of the fiercely proud "old guard" of the Six Nations, said women's organizations have no right to interfere.
>
> The national council of women passed a resolution at its convention, urging the federal government to give Canada's Indians a vote in federal elections.
>
> "We don't want a vote," Mr. Anderson said. "Of what benefit would it be to us?
>
> "We were here long before the white men were. We were instrumental in the very existence of this country.
>
> "As far as the federal government is concerned let them leave us alone, and we'll leave them alone."
>
> The statement follows the hereditary council's policy of opposing government efforts to integrate the Indians with the rest of Canada.

That, Mr. Speaker, is the view of one of the hereditary chiefs of the Six Nations reserve and it represents the thinking of some of the people on the reserve with regard to the federal vote and what they think is interference in their own affairs. I know that the national council of women passed this resolution in good faith, thinking they were doing the Indians a good turn, if I may say so, just as we do when we bring in this bill to try to grant them the right to vote in federal elections.

A large number of other people on the reserve could not care less about the vote. As the Indian people have the right to cross the United States-Canadian border at will,

those on the Six Nations reserve spend considerable time in New York state; and I could foresee considerable difficulty in ever enumerating these people for the voters' list. I might go on further and say that they come and go across the border at will. They work a short time in New York state and a short time in Canada and it has been extremely difficult ever to get a correct enumeration or a correct count of the population of Indians on the Six Nations reserve for that reason.

I am just giving my own ideas, Mr. Speaker, as I have read about and observed the actions of the Indians near and in the city of Brantford. I believe they are more interested in some amendments to other parts of the Indian Act for their own benefit before they think about the vote. I should like to read you another letter which was written by another Indian hereditary chief and which was printed in our local paper, namely the Brantford *Expositor*, not so long ago. This same gentleman is concerned about the vote for Indians. He feels that before dealing with the vote for Indians we should have some different legislation with regard to the Indian Act. I do not know whether or not I am in order in reading this letter, but it points out the views held by this one hereditary chief with regard to some of the changes that should be made in the Indian Act before we stress the vote for Indians. This letter is written by Norman S. Powless. He is one of the hereditary chiefs about whom I just spoke. The letter appears under the heading "Readers' Views on the Indian Act, Speed Traps and People on Buses" and it reads as follows:

> Sir: Having abstained from writing to you for six years, may I prove once again the unfair practices of the peace officer in our midst?
>
> How is it that when any peace officer arrests a paleface violator of the law on Six Nations territory reference is immediately made concerning what I have called before and find necessary to repeat this alien legislation, the Indian Act.
>
> May I also repeat that we are not Indians, nor are we connected with India or its people in any manner, shape or form. Yet the authorities stubbornly impose this vicious piece of legislation on us, an innocent race.
>
> The Indian Act considers this race to be a race of minors, but let a native of the Six Nations territory make an infraction of the law, whether the offence be minor or serious, and the offender is no longer considered a minor but is given the maximum penalty the paleface law provides.
>
> This is a further proof that this alien legislation, the Indian Act, is not fit to be imposed on any human race, nor by police or police officers.
>
> Why is it permitted to sell liquor to natives of the Six Nations territory and allow them to bring it out? They are no further ahead, as the Royal Canadian Mounted Police await them as soon as they leave for home. Arrest is then made whether they are violent or minding their own business, as long as their breath smells of liquor.

Mr. Speaker: Order. I have been listening to what the hon. member has been reading and I must say that it does not seem to bear directly on the principle of the bill.

Mr. Wratten: Mr. Speaker, I was really reading this letter because it contains some points that this gentleman, Mr. Powless, is trying to make with regard to what should be done about the Indian Act before we go ahead with giving the Indians the vote. He believes that we should first clean up some of what in his opinion are indiscretions in the Indian Act. However, if you feel that is not relevant to the subject of votes for Indians, Mr. Speaker, I will let it go and will abide by your rules.

In conclusion, Mr. Speaker, I should like to say again that I congratulate the hon. member for Skeena on bringing in this bill. I support most heartily any legislation that would be of benefit to my neighbours in Brant county. The only question in my mind is whether this bill is not a little bit premature inasmuch as there is on the order paper a government resolution providing for the appointment of a committee to go over the Indian Act completely. I hope this resolution will go through, that the committee will be set up and that the federal vote for the Indians will be given careful consideration. I would also recommend that responsible Indian leaders from all the bands and reserves be called in and that their views be heard and received by the committee, not the superintendent appointed by the government but the people themselves. Then I am sure we will get their views not only on this bill with regard to the right to vote, but on many other problems they have as well.

In closing, I would like to mention the good co-operation that I and the council of the township of Brantford always received from the Six Nations when I was reeve and warden of the county, and I am sure a solution to their problem of voting, and other problems also, can be worked out with consultation and patience with the leaders of the different bands all across Canada.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, this amendment to the act proposes to enfranchise all Indians. There may be a question whether or not this can legally be done as far as Indians are concerned. No doubt we can pass a law in this house which will enfranchise all Indians. But what does it do in fact? It may be only a pious wish, because the Indians, at least the Indians under treaties, are sovereign nations. I speak principally for the western Indians, because I have lived with them, I have dealt with them as a law enforcement officer and as a neighbour, and I know something of the way

these Indians feel about the whole question. For us to pass this act would be a one-sided affair. I do not think we should enlarge their rights without consulting them, because although we may feel that to give them the franchise, or even to offer them the franchise, is a great compliment to them, there are some Indians who do not think it is a great compliment.

They look back over the last 100 years. They look back to the time when they were the local race of people, when they were numerous, when they were independent, when they were free. They outnumbered the white man. At one time there was no doubt at all but that they wished to rise and exert their rights as free human beings. They could have swept the white man from the plains. But they did not choose to do so, and the reason was because they expected honour. They have kept their treaties and they expect us to keep ours.

What faces the Indian today? His treaty is really gone; it has been destroyed by time and by circumstance. If we asked him to keep his treaty his position is still one-sided, because the nomadic way of life which we offered him in that great western land is gone forever. The game on which he lived has gone. The rivers and lakes which were full of fish are dried up or polluted. They can no longer throw a line in and live their nomadic way of life. We now ask this Indian to give up his nomadic way of life in order to vote. This may seem to us eminently fair and just, but in order to have the vote and to use it properly he must understand our ways. He is in no position to understand our ways because he has never had equality. He has never had equality of opportunity in any way, shape or form. When we took away his land—and we did take it away—we gave him reserves on which to live.

Many white people have thought that we stole the western land from the Indian when we gave him these reserves, but he chose the land on which he wanted to live. He chose sand hills because they are rich with game birds, and he chose the streams and edges of lakes because they were rich with fish. And he chose the few places where the buffalo were still left, but today they are gone. Now we offer him a free vote as a recompense for his giving up that great western land. He gave it up voluntarily, and I claim that when he gave it up he was our superior. He was our superior in his living in that country. He was our superior in numbers, superior in war, and in many respects he is superior in honour, because with very, very few exceptions the Indian has not broken his treaty.

He is still trying to adjust himself. It is true that he would, if you asked him, still prefer the nomadic way of life. But, Mr. Speaker, in order to absorb him into our modern civilization, we have to offer him equality, and this will take time. If we ask him to vote he must abandon his rights. I do not think he must wait to abandon his rights. I think that we must get together with him and see whether he wants the vote, and then if he does, to offer him the vote but on his terms. We have had our way for 100 years, and it has not worked out for the Indian. Let us try it his way. I know that the Indian wants to become a good Canadian citizen, because whenever he sees the need to give what he can to Canada, he is willing to do so. We have recognized this, and when we are in a spot we allow him to vote.

It may be of interest to members of this house to know that, for their numbers, the North American Indian has produced more soldiers than any other race of people fighting under our flag. He has not only fought, but fought well. Many of them were decorated. True, few of them reached officer rank, but that of course was due to their lack of education and was certainly not because of the lack of any fighting quality. The Indian needs the right to vote in order to have full equality with us; but he must have it, as I say, on his own terms.

What do we mean when we say that we must wait for him to become as well educated as we are? What is education? The only education we are worried about is the education necessary to become a good citizen. The Indian has many of the qualities required for that purpose. He is industrious in his own way. Many men think the Indian is incapable of hard, concentrated work. These people have never worked with the Indian. The Indian is the equal physically of any man in Canada. He is able to endure long hours on the trail, and in the north country today even the mounted police, the finest of Canada's young white men, rely on the natives whenever they are out in weather that the white man cannot stand. Whenever they are in woods where there are no roads and no maps they rely on our red brethren.

Mr. Speaker: It being six o'clock the house will resume the business which was interrupted at five o'clock.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO INCREASE MAXIMUM EXPENDITURES TO THREE HUNDRED AND FIFTY MILLION DOLLARS

The house resumed consideration in committee of the following resolution—Mr. Green—Mr. Sevigny in the chair:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the aggregate of all expenditures under sections 4, 5 and 6 of the act may be increased to a maximum of three hundred and fifty million dollars.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Pickersgill: Mr. Chairman, at the outset of my remarks I wish to reassure you that during the course of what I have to say I do not intend to use that naughty word "Duplessis" which seems to depress some of the hon. gentlemen over there to such a degree. I had hoped and, in fact, I mentioned to him at six o'clock that the hon. member for Assiniboia would be here when I spoke this evening because I wanted to take the opportunity of debunking the ridiculous statement he made this afternoon to the effect that there was any difference between the fundamental position we took when we were in office and the position we take now with respect to the trans-Canada highway.

It was the St. Laurent government that started the trans-Canada highway in 1949, and practically all of the work that was done on the highway until about a year ago was authorized by the St. Laurent government and I congratulate the present Minister of Public Works for having kept up the good work that we started. While his estimates are showing the inflation that is customary in the estimates of hon. gentlemen opposite over anything that we ever undertook to expend and while it is interesting to see that the minister is not much better at estimating than some of his colleagues are, we believe the money is being spent in a very good cause. I certainly would be the last one to complain about it because I imagine there could be very few ridings in this country that are deriving more direct and immediate benefit from the work on the trans-Canada highway that is proceeding at the present time—not so much this winter as last because of climatic conditions—than the riding I have the honour to represent and there is certainly no part of Canada where it is more needed.

There is one observation of a general character I shall make about this resolution and it applies equally to all forms of sharing between federal and provincial authorities except one. The hospitalization legislation does have a different and more equitable provision. This 50-50 sharing formula in programs of this kind works a hardship on those provinces with lower taxable capacity. It is very easy for a rich province like Ontario or like the minister's province to match dollar for dollar. It is much more difficult for the four Atlantic provinces. I am not suggesting that what I am about to say is anything more than my own view on the subject which I commend as much to my hon. friends on this side as to hon. gentlemen opposite but I believe all of us should see if it would not be possible to devise a formula, if these cost-sharing arrangements are to go on, that would have a more equitable result as between the provinces; a formula based to some degree on the same kind of principle as the tax equalization plan.

While of course we are pleased that the government of Saskatchewan had been able to build the trans-Canada highway across that province and while we are equally pleased that Manitoba has completed all of its share except, I understand, the by-pass around Winnipeg—

Mr. Green: Brandon is not quite finished either.

Mr. Pickersgill: I understand it is practically finished. While we are pleased about Saskatchewan and Manitoba and pleased that Alberta is practically finished, too, it will be apparent to almost anyone that there are two reasons why that is so. One is that the cost of road building on the average is so much lower in those provinces than in some others and the other reason is that, relatively speaking, over most of the past few years, as the statistics show, those provinces have had a pretty good taxable capacity, and there has not been the same difficulty that has been experienced in the Atlantic provinces in getting on with this work and in meeting the kind of program that the minister, like his predecessor, would desire to see.

I do not intend to repeat what was said by my friends, the hon. members for Grand Falls-White Bay-Labrador and Humber-St. George's about the special difficulties encountered in Newfoundland. I shall only comment that this experience has not been confined to Newfoundland. About a year ago I happened to be in the gallery of the Nova Scotia legislature when the road estimates were being discussed. I heard the provincial minister of that department who belongs to the same party as the Minister of Public Works say that they simply could not afford to do what they would like to do on the trans-Canada highway because they could make the same amount of money go much further

in more local roads. That is precisely the problem that exists in an acute form in Newfoundland.

I said last year, and I think it should be repeated, that I assume that the federal government, particularly with the Minister of Finance in his present embarrassment, is prepared to spend only so much money each year on highway co-operation with the provinces. I do not want anyone to suggest that I am opposing the construction of highways anywhere else in Canada when I say that I believe—and I am sure the minister agrees with this—that first priority should be given to completing the original trans-Canada highway and that the duplication of highways, which undoubtedly will be a highly desirable development in the future, should be a second priority.

Members of the government have complained over and over again since the beginning of this session that we on this side of the chamber have not told them how to run the country. Apparently they have no ideas of their own and they want us to tell them how to govern the nation. There is one thing I will do right away. I intend to make a most constructive suggestion to the minister about getting the trans-Canada highway completed in the four Atlantic provinces at about the same time it could be completed in the six provinces west of Quebec. If the minister would adopt the Liberal policy enunciated by our leader a year ago of paying 90 per cent of the cost of building the trans-Canada highway in the four Atlantic provinces I am sure there would be no further obstacle in the way of having the road completed by December 31, 1960. Having had this constructive suggestion I hope the minister will rise in his place as soon as I sit down and tell us that he accepts it at once.

I may say that if the minister does accept that suggestion of mine it would bring much closer the day when the minister could do what I know he is extremely eager to do and that is to carry out the policy enunciated by the present Minister of Transport and the present Minister of Justice when they sat on this side of the chamber, the policy of having the federal government take over the whole cost of the trans-Canada highway and adopting a much wider highways policy. I hope the minister will apply himself with even more vigour than he has in the past and with even more money, and a larger share for the Atlantic provinces, to the completion of this road.

Mr. Green: Mr. Chairman, all hon. members of the committee who have spoken to this resolution have spoken in favour of it. Some have endorsed it at greater length than others. However, I am grateful for this unanimous support.

In considering the trans-Canada highway at this time it should be borne in mind that all of the nine provinces which have entered into the partnership arrangement with the federal government started out on an even basis. They were all having difficulty getting the work completed by the earlier deadline of 1956. Therefore, a new deal was made. All nine provinces were in a similar position. That was not the situation when we took over in 1957. Within a few months of the change in government the one province of Saskatchewan finished the job. They complied with the terms of the agreement and finished the job more than three years ahead of the deadline. In the intervening period since the fall of 1957, three more provinces have practically completed, namely Alberta, Manitoba and Prince Edward Island.

I suggest to hon. members that had any one of them been in my position he would have hesitated to recommend to the government that a change be made under those conditions in the terms of the agreement. It was only fair to those four provinces that the agreement stand in so far as the other five provinces are concerned. Those other five provinces have more difficulties, I agree, than the four who are either finished or practically finished. Those five provinces are doing their best to comply with the terms of the agreement. I am hoping that they will all be able to do so. Certainly, there is good faith on their part. Therefore, to suggest now that we should vary the agreement is not a sound suggestion.

Then, another fact which must be remembered is that the fundamental plan is that the provinces will select the route and will actually do the work. We inspect it and we pay 50 per cent of the cost, except on 10 per cent of the mileage we pay 90 per cent of the cost, but we are very much in the hands of the provinces. They have actually selected the route, although perhaps some of them have not selected the route that the federal government would have selected, and they are actually doing the work. They are letting the contracts; we are checking to see that the work is properly carried out and that the payments are all in order.

In so far as one province is concerned, namely Quebec, the government of that province has not seen fit to enter into an agreement at all. There was some criticism of that fact the other day and this afternoon

but the agreements are made with the people who happen to be forming the government at the time the agreement is signed. In the province of Quebec there is very little to suggest that that government does not have the support of the people of that province.

Mr. Bourget: Oh, no!

Mr. Green: I do not want to get into any argument.

Mr. Bourget: You had better not.

Mr. Chevrier: You could get into one very easily.

Mr. Green: I suspect there has been a lot of wishful thinking going on here this afternoon. However, the fact is that the government of the province of Quebec did not see fit to make an agreement and any federal government, no matter what party formed it, would be asking for trouble if it started telling any province in Canada that it ought to be doing this or that.

Mr. Bourget: That is all right.

Mr. Green: We say that the route through the province of Quebec, which would probably be the trans-Canada highway, is a mighty good road and it is paved and I believe throughout most of its length it is certainly up to the standard of the trans-Canada highway in any other province.

Mr. Bourget: And the people of Quebec are helping to pay for 50 per cent of it.

Mr. Green: In so far as having a first-class paved highway through the province of Quebec is concerned joining up with the trans-Canada in the other provinces, the federal government can have very little cause for complaint.

Mention has been made of the fact that we are merely continuing the policy of the former government. To a degree that is true, although I do point out that ever since 1936—certainly, it was 1930-something—I have been shouting my head off in the house here for a trans-Canada highway. I was just afraid that some hon. members might have some of those old speeches going back that far. The prodding, the urging and the trouble raising were not necessary in 1956; that had all been done years before. I suppose, if one is to be absolutely fair he should say that that government moved at about the time that it had the support of the people of the country behind it for a trans-Canada highway policy.

I know the hon. member for Assiniboia has a very low opinion of the present government and of the last government but I think usually they have to move when the people are ready to move on a policy, and perhaps we shall not do quite as badly as the hon. member suggested this afternoon.

In fairness to the present government, I should point out that in addition to hurrying along the trans-Canada highway program—and more was spent last year than in any other year, and there will be quite a few million dollars more spent during 1959 and 1960 than were spent in the last fiscal year—we have undertaken a roads to resources program which could involve a total of $150 million, divided into $15 million for each of the provinces.

I think it would be unwise for me at this session to attempt to deal with a highway policy which would be undertaken once the trans-Canada highway is completed. You know, human nature is the same no matter where we sit in the house.

Mr. Bourget: I am not too sure about that now.

Mr. Green: The minute we start talking about what is going to happen after the trans-Canada highway is completed there will be great danger, I think, of delay in the completion of the trans-Canada highway itself. The actual problem dealt with by the legislation, amendment of which is sought, is the completion of a trans-Canada highway to join the ten provinces of this nation by a first-class road. That is our main objective. That is the objective we aim to reach by the end of 1960.

The suggestions which have been made in the course of the debate will be extremely helpful in working out the details of a policy to follow the completion of the trans-Canada highway. I think the hon. member for Bonavista-Twillingate spoke with considerable common sense. Perhaps I should not say "for a change".

Mr. Pickersgill: I was just trying to protect the treasury.

Mr. Green: He spoke with considerable common sense when he said that perhaps the time has come to look at the problem in each province and that it may not be possible to devise an over-all policy under which exactly the same things will be done in each one of the ten provinces. I am not making any commitments or getting out on any limbs but that just struck me as having considerable merit. I can assure hon. members that we shall try to follow the trans-Canada highway program with a highway policy based on the national interest. Mind you, it is very easy to be convinced that the highway policy that should be adopted by the nation is the one which best suits one's own province. I could make a wonderful

speech for a new highway policy based on what should be done in British Columbia.

Mr. Pickersgill: You have no debt out there. Surely you do not need any help.

Mr. Green: But for the policy to be sound and gain real support from all members of the house it will have to be a national policy. I can assure hon. members that we will have that very much in mind as we work out the details of such new policy. There will be an opportunity for members to ask questions when the bill is in committee and I shall be very glad at that time to endeavour at least to answer all questions that are asked.

Resolution reported and concurred in.

Mr. Green thereupon moved for leave to introduce Bill C-29, to amend the Trans-Canada Highway Act.

Motion agreed to and bill read the first time.

FISHERIES IMPROVEMENT LOANS ACT

MEASURE TO PROVIDE FOR EXTENSION OF LEGISLATION

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Fisheries Improvement Loans Act to extend the application of the act from the 12th day of December, 1958 to the 30th day of June, 1962.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Robichaud: Is the minister going to explain?

Mr. Fleming (Eglinton): Mr. Chairman, the purpose of the resolution is simple and brief. The Fisheries Improvement Loans Act, when it was enacted by parliament in the 1955 session, was given a three-year life from the date of proclamation. It was proclaimed on December 12, 1955 and accordingly expired on December 11, 1958. The purpose of the present resolution is to permit the introduction of a bill to extend the life of the act for a period slightly in excess of an additional three years and to make it retroactive to December 12 last.

Mr. Robichaud: Mr. Chairman, as the Minister of Finance has explained very briefly, the purpose of the resolution is simple. It is to introduce a measure to amend the Fisheries Improvement Loans Act to extend the application of the act from December 12, 1958 to June 30, 1962. I hope that before discussion of the resolution is over the minister will explain to the house what has happened between December 12, 1958 and today, February 24, 1959. Were fishermen allowed to apply for loans and were the banks and the credit unions allowed to make loans during that period?

Mr. Fleming (Eglinton): I can answer that at once. We arranged with the banks and credit unions to carry on lending operations during the interval on our undertaking to introduce the present measure at this session. Operations have continued and the various fishermen's credit unions were so notified.

Mr. Robichaud: I thank the minister for this explanation. At the outset I want to make it clear that we on this side of the house will support the resolution but at this time I should like to say a few brief words with relation to the application of the act. As we know, the act was introduced in 1955 following careful study undertaken by the previous government to make loans available to fishermen under a plan similar to that under which loans are made available to farmers. The purpose of the act was to provide fishermen with the same credit facilities as are provided to farmers under the Farm Improvement Loans Act. It had to be preceded by the establishment of the fishermen's indemnity fund which provided a form of insurance to commercial fishermen on payment of a premium of one per cent. Up to the time when the fishermen's indemnity fund came into force it was rather difficult for fishermen to obtain insurance on their fishing boats or gear. In those days and even today regular rates of insurance varied from four per cent to seven per cent which was more than the fishermen could afford to pay.

As the minister has said, the purpose of the resolution which is now before us is to give the fishermen an opportunity of obtaining credit on favourable terms to meet their capital needs, and on a similar basis to that provided to farmers. I well recall when this act was first introduced that the members from all parties in this house joined in asking that credit unions be allowed to become lending agencies under this legislation. The prime minister of the day, the Right Hon. Louis St. Laurent, accepted the suggestion without hesitation. The bill was referred to the banking and commerce committee where representatives of the credit unions were given an opportunity to present their case.

Following consideration in the committee an amendment was introduced upon the third reading of the bill to provide $10 million guaranteed total loans to the banks and $10 million to the credit unions. I have here a report of the operations under the Fisheries Improvement Loans Act for the fiscal year which ended March 31, 1958, as tabled in this

house on July 23 last and known as Sessional Paper No. 51. In looking over this report, I find that from December 12, 1955 to the end of the fiscal year in March, 1956, 102 loans were granted for a total of $99,009.36; for the fiscal year ended March, 1957, 203 loans were granted for a total of $236,186.43; for the fiscal year which ended March, 1958, 136 loans were made for a total of $149,960.43.

The total number of loans made since the inception of this act is 441 for a total of $484,703.22. The report also mentions that out of the total number of loans made, 80 of those have been repaid for a total of $182,-639.74. Further on in the report I also noticed that since its inception in 1955, out of a total of 441 loans, 273 were in the Atlantic provinces for a total sum of $224,262.

Mr. Chairman, we recognize the contribution of the credit unions in providing for the short term credit needs of fishermen, mainly in the province of New Brunswick and Nova Scotia. The fishermen's indemnity fund, as I have stated earlier, provided the insurance coverage required to secure or protect these loans. I am rather surprised to find that so little advantage of this act has been taken by the credit unions or even by the chartered banks in the Atlantic provinces. I am wondering if the provisions of this act have been made sufficiently known to the fishing communities and to the credit union groups. I know that pamphlets have been published explaining the regulations under this act, but I have yet to see copies of such pamphlets or publications in the offices of the banks or credit unions in my constituency. Could this not explain why so few fishermen have, in the first two and a half years of the operation of this act, taken advantage of this legislation?

I have in my hand a copy of one of these pamphlets which is being published by the department. It is clear and does explain the purpose and the conditions under which the loans are made. I should like the minister to advise this house how many of these pamphlets have been distributed and also if any of the publications are issued in the French language. We must recognize that in the province of New Brunswick, and to an even greater extent in the province of Quebec, the large proportion of our fishermen are French speaking. It would be quite difficult for them to find out about the application of this act unless they were provided with the details in their own language.

I should like the minister also, if possible, to tell us how many loans under this act have been made since the inception of the act through credit unions out of the total of 441. I have good reason for believing that very few, if any, have been made by credit unions. It is true that the guaranteed loans are confined to bona fide fishermen, and I feel that is the way it should be. The security requirements as laid down under the regulations under this act are well explained in this pamphlet, are rather flexible and are in conformity with the conditions and practices obtaining in the different fisheries and also are in line with the circumstances of the borrowers which, as I have said, are bona fide fishermen. Anyone familiar with the fishing industry in the maritimes and in the Atlantic area would admit that the lack of capitalization in this particular industry has been largely responsible for the slow development of our fisheries. Our primary producers have, for generations, been dependent on the fish dealers and exporters for their credit needs. As a result, the fishermen of the maritimes have been for generations so closely tied up to the local dealers and merchants that the fishing industry as a whole was retarded and unable to move forward in line with other industries.

The credit unions and co-operative groups have played a major role in removing obstacles which were nothing else but a result of this feudal system which existed in the fishing industry. It is for this reason I should like to see the credit unions today play a major role in the practical application of this act. If we take into consideration the fact that a large number of the fishermen have no contact whatever with the chartered banks, as many live in communities where banks are not established, we can see the need for credit unions to expand in this particular field. It is hoped, however, that in the future fishermen will be able to take better advantage of this particular act. We realize that in its first year of operation, even in the first two and one half years, this act may not have shown the results which we expected. However, we must also take into consideration the fact that during the first year of operation the Farm Improvement Loans Act was responsible for loans amounting to only $3 million, while it is now responsible for loans of close to $100 million a year.

I am doubtful, however, about the attitude of the chartered banks and the credit unions in dealing with applications under this Fisheries Improvement Loans Act. There appears to be a certain reluctance or a lack of interest in granting loans under this act. We know how much these loans are needed by the fishermen. I would suggest that these pamphlets or circulars outlining the details of the regulations be made available to all banks and credit unions in the fishing communities, similar to the procedure being followed under the Farm Improvement Loans

Act. Again I want to mention to the minister how important it is that these pamphlets be published in the French language. If our fishermen want to operate successfully, they must be provided with credit facilities which will enable them to improve or modernize their equipment and thus increase their catching efficiency.

On a recent visit to my constituency I discussed with officials of credit unions or caisses populaires the application of this particular act in our fishing communities. I was rather surprised to learn that there was little interest on their part in participating in this loan scheme. I was told that there was attached to these loans so much red tape that many credit unions preferred to keep away from participating under this act. Such a situation should not exist. If there is misunderstanding in the application of the act, steps should be taken at once to rectify the situation.

I would suggest to the minister that the supervisor of the fisheries improvement loans division be instructed to make a survey of the situation without delay. He could meet with leaders of credit union groups in fishing communities in the Atlantic provinces or with leaders of caisses populaires and could find out what are the clauses or conditions of the act which are not meeting with their approval. It may be that the 15-10 per cent government guarantee is not sufficient and that serious consideration should be given to increasing the percentage to a 20-15 basis. I would ask the minister to give this suggestion serious consideration.

As I have said, I am supporting this resolution. There is much more that I should like to say with regard to the provision of loans to fishermen but I realize that we have in the Atlantic provinces provincial fishermen's loan boards where larger loans are being taken care of. I also know that under this act loans are limited to $4,000. However, I wanted to make sure that I would limit myself to this resolution. I hope the minister will give consideration to my request to take the necessary steps to make this act better known to fishermen and to contact the credit unions in order to find out whether there are in the present act any clauses or conditions which make it rather difficult for them to participate.

Mr. Crouse: Mr. Chairman, in rising to speak on this resolution I wish to make only a few brief comments with regard to those men engaged in this primary fishing industry who will benefit from the extension of the Fisheries Improvement Loans Act. I listened with interest to the hon. member for Gloucester who has just taken his seat.

[Mr. Robichaud.]

He raised some questions relating to the coverage of this act. Possibly we may find the key to the reasons behind the lack of interest in this act displayed by the fishermen by referring to the act itself as it is listed in the statutes of 1955, chapter 46, at page 271. In his remarks the hon. member dealt thoroughly with the banking end of the act. In reading the interpretation section we find the following:

(a) "application" means an application for a guaranteed loan;—

(c) "borrower" means a fisherman to whom a guaranteed loan has been made;—

(f) "fisherman" means a person who has a prescribed interest in,

(i) a fishing vessel,

(ii) a weir, or similar fish catching or trapping device, that is affixed to the ground, or

(iii) a proprietary share in a fishing vessel or in a weir or fish catching or trapping device described in subparagraph (ii),—

In my opinion the act, as it is at present worded, does not adequately cover many of those rugged individualists who today class themselves as fishermen. At the present time, for example, there are many men engaged in a full time fishing operation on deep sea trawlers who do not own a share in the trawler or a share in a part of the trawler's equipment. These men are actively engaged in the fishing industry. They are operating on the banks for approximately ten months of the year. But there comes a time when, as they grow older, the hardships which they are enduring and which are associated with this type of fishing—the constant struggle with the elements, the hard work, the long hours, the weeks of loneliness away from home and loved ones—cause them to stop and reflect upon their present way of life.

To most of them there is no alternative. They must continue on in what has become the only true free enterprise industry left in Canada; I refer to the fishing industry. However, some may decide to continue prosecuting the fisheries in a more modified way; and so they decide to stay ashore, purchase a small boat and some lobster traps or possibly a mackerel trap. From their meagre savings they are unable to finance the boat and the equipment needed and so they make application for a loan under the Fisheries Improvement Loans Act. Here we have men who have spent the greater part of their lives in the fishing industry. However, under the present interpretation of the act these fishermen cannot qualify for a loan as they do not own a share in a fishing vessel or in any fishing equipment. This same argument could apply to a shore fisherman who owned a boat and equipment and sold these to a friend or relative with the intention of procuring a larger boat and new fishing equipment. Under the

present act his application would be rejected. This may be the answer to the question posed by the hon. member for Gloucester when he referred to the small number of applications made for assistance under this act.

Another example could be the fisherman having an interest in a herring net, a mackerel trap or a pollock trap. It is true that these types of fishing equipment are anchored to the ocean floor but they are not affixed to the ground as is a fishing weir which is a contraption of poles and brush placed in the ground near the shore in order to trap fish. Without an interest in this equipment these men are unable to qualify. In view of the improper wording of this act and the indefinite description of a Canadian fisherman, I would suggest that the government amend the present act and give consideration to a loan to anyone at present engaged in the fishing industry who is desirous of acquiring an interest in a fishing craft or fishing equipment so that he may participate in this primary industry.

Mr. McWilliam: Mr. Chairman, this resolution standing in the name of the Minister of Finance reads as follows:

That it is expedient to introduce a measure to amend the Fisheries Improvement Loans Act to extend the application of the act from the 12th day of December, 1958 to the 30th day of June, 1962.

This measure was first introduced in the house in the 1955 session and it was given unanimous approval. I am sure this amendment will receive that same approval from this present chamber. I do not know why the legislation was allowed to expire. However, earlier this evening the hon. minister stated that arrangements had been made with lending institutions to grant loans in the interim. He did not actually use those exact words, but I think that is what he meant. Therefore as far as the lending powers were concerned, an arrangement had been made and the fishermen did not suffer from this lapse. In any event, I do not judge that the demand for loans during this period was very heavy.

Sessional Paper No. 51 of July 23, 1958, showed total loans up to March 31, 1958 were 441 in the amount of $484,736.22, and 80 loans were repaid in that period for a total of $182,639.74. Loans to New Brunswick fishermen totalled 105 and were in the amount of $63,045, making an average loan of $600. It would appear from the information contained in the sessional paper that from 1955 up until the end of the fiscal year of March, 1958 fishermen did not take very much advantage of this legislation, or they were unable to secure loans from local banks or credit unions. Perhaps the hon. minister can ascertain how many applications for loans have been refused, toward ascertaining if the legislation is providing the service for which it was intended. As only 441 loans were granted it appears that this number is small for all Canada. Perhaps the lending institutions do not look with too much favour on the kind of loans authorized under this act, or it may be that fishermen generally are not aware of the credit facilities available. I would suggest to the hon. minister, and to the Minister of Fisheries also, that all media should be used to advertise to the fishermen that these credit facilities are available. It may well be that a great number of fishermen are not familiar with the credit facilities available under this act.

Under the act loans can be secured up to $4,000 at 5 per cent simple interest, for a repayment period of up to eight years. The loans are guaranteed by the government of Canada to designated lending institutions up to 15 per cent of the first $500,000, plus 10 per cent of the amount of additional loans, and this guarantee is available up to $15 million within a three-year period. The purpose of this bill, as the hon. minister stated in his opening remarks, is to increase the availability of intermediate term credit to fishermen. It was designed to assist the average fisherman to make use of the credit facilities offered to meet his needs in the fishing industry.

The regulations to the act, I think, in some cases are too restrictive on the time limit for repayment of loans, particularly in two cases. Those cases are where major repairs to boats, superstructure and engines are required. These loans are subject to a three year period of repayment. Section 12 of the regulations provides suggested maximum terms of repayment of loans, depending, of course, upon the amount borrowed and the probability of the borrower paying off the loan within the required time period. These suggested terms are: On a $400 loan, 18 months; on a $750 loan, two years, six months; on a $1,500 loan, four years. Then, of course, it varies up to $4,000, which sets a term of eight years.

Mr. Chairman, I wish to outline briefly the case of two fishermen, residents of Northumberland-Miramichi, who made application for a loan of $3,500 for a period of six or seven years. The loan was requested for the installation of a clam and quahog mechanical digger on their boat. The plans for the clam and quahog digger were approved by officials of the Department of Fisheries, who actually provided the blueprints for the mechanical digger. Their boat, jointly owned, a 40-foot craft with a 12-foot beam, newly constructed, fully equipped, free of all debt,

was offered as security. The resale value of this boat and equipment, at a moderate estimate, would be $5,000. Approaches were made by these two fishermen to two or three local banks in the constituency in which they lived, and in only one case was the bank manager interested. This particular bank manager made every effort to assist the fishermen and to provide the loan as required for $3,500, for a term of six or seven years. When the bank manager passed the application along to head office the loan was turned down and, of course, when one reads the act one can understand why it was turned down—because it came under a three year time repayment period. Of course, at that time the fishermen were told that the loan could be made for a three year term. While the fishermen felt that the loan might be repaid in three years from the revenue derived from clam and quahog fishing, they did not wish to gamble on a three-year term in case adverse conditions might arise in this short period, and as good businessmen they desired a longer term of credit which would ensure their being able to live up to their financial commitments.

This type of loan for financing fishing equipment as such comes under a three year repayment regulation, and I desire to make a request to the minister that the time limit for the two types of loan that are restricted by the three year term which I have mentioned be extended to at least five or six years. An extension of the time limit for repayment of the two types of loans would provide a better service for those energetic fishermen who wish to secure credit under conditions which they feel they can meet, and who are prepared to stake their holdings, their boat and their equipment in the building up of the fishing industry.

It will be noted from the list of suggested maximum terms of repayment that certain loans in the amount of $4,000 are repayable over an eight year period. Why is this same eight year period not extended to these two types which I mentioned are under the three year term? In closing, Mr. Chairman, I again request the minister to take this matter under consideration, and I trust that loans for superstructures, purchase of new engines or major repairs to engines, and loans to purchase equipment such as I have mentioned—a mechanical clam and quahog digger—will be extended to a period of five or six years.

Mr. Tucker: Mr. Chairman, I rise to support the amendment of the Fisheries Improvement Loans Act to extend the application of the act from December 12, 1958 to June 30, 1962, as explained by the Minister of Finance. Any worthwhile effort to give assistance to our fishermen and our fisheries should receive the wholehearted support of all hon. members of the house. We have in our fishing industry a potential Klondike, a source of wealth for the national economy equivalent to any gold claim filed in northern Canada, Alaska, California or elsewhere.

In view of the general failure of the cod fishery in Newfoundland last year which has caused many fishermen to seek government relief because they did not have sufficient stamps to qualify for unemployment assistance, these men find it difficult to obtain the necessary funds to buy lines and twines to repair their nets and trawls and make essential repairs to their fishing boats. I strongly recommend, therefore, that officials of the Department of Fisheries be instructed to explain to those with whom they come in contact the provisions and application of the Fisheries Improvement Loans Act. I refer especially to the fish inspectors who move freely from settlement to settlement and who mix with the fishermen.

I am convinced that Newfoundlanders generally and the fishermen of that province in particular know too little about the act. I doubt, for instance, that many are aware that they may borrow up to 70 per cent of the purchase price or estimated cost of a project or equipment. Where the fisherman himself does any portion of the work involved in the project the amount of the loan must not exceed an amount equal to his cash outlay in respect thereof. I doubt if many fishermen are aware of this fact or of the fact that loans of this type must be repaid within a period of eight years.

In order for the act to fulfil the purpose for which it was instituted fishermen must know how to take proper advantage of it. I feel that in keeping with the spirit of the act some educational work among the fishermen should be done with a view to acquainting them with the advantages that could accrue to them under the provisions of this legislation.

I would also suggest that bank officials should familiarize themselves with the act. By so doing they would be in a position to be of great assistance to fishermen who are eligible for a loan and who might consult them in this regard. I would ask hon. members of this committee to give this amendment their wholehearted support.

Mr. McGrath: Mr. Chairman, in rising to support this resolution I should like to commend to the minister the suggestion advanced by the hon. member for Queens-Lunenburg. I believe the weakness of this legislation is evident because of the fact that the distribution of funds under the act down through the years has been far from equitable. For

example, the province of Prince Edward Island which constitutes less than 5 per cent of the commercial fishery of Canada, if I am not mistaken, leads the list of provinces in the number of loans and the total amount of money borrowed under this act to date. The figures I have indicate that fishermen of that province have availed themselves of a total of 174 loans to a value of $141,166. On the other hand the province of Newfoundland which according to my recollection constitutes 30 per cent of the commercial fishery of Canada is away down on the list. Only three loans representing a total value of $1,240 have been applied for in Newfoundland since the inception of the act several years ago. I could confine my argument to this point alone to bring home to the minister the fact that the act as it now stands is most unsatisfactory in that it excludes a large group of fishermen in the Atlantic provinces and in Newfoundland in particular who prosecute what is known as the shore fishery but who are not eligible for loans under this act because they do not own equipment, boats or nets.

I would suggest to the minister that he give very serious consideration to this matter bearing in mind the statistics I have cited. I commend to his consideration the suggestion of the hon. member for Queens-Lunenburg that perhaps an amendment should be made to the present act which would make it more inclusive and thus embrace those sectors of the Canadian fishing industry that are in the greatest need of such legislation. I am speaking specifically now of the shore fishery of Newfoundland.

Mr. Carter: Mr. Chairman, the purpose of this resolution is to amend the Fisheries Improvement Loans Act by extending the period of its application to June 30, 1962. As one whose constituents are nearly all fishermen it is natural that I should support this resolution and since this resolution proposes to amend this act in one particular way this would appear an appropriate time to point out to the minister where other changes are required so that consideration may be given to further amendments which aim at improving the effectiveness of this legislation.

The minister has heard a number of suggestions proposed by previous speakers the effect of which would tend to broaden the application of the legislation and increase the number of projects for which loans may be secured. I wish to support wholeheartedly the suggestion made by the hon. member for Queens-Lunenburg that there should be a greater variety of equipment included under this legislation. Many fishermen are at a disadvantage because their particular type of equipment is not insurable. The lobster fisherman can insure his lobster traps but the salmon fisherman cannot insure his salmon net and the herring fisherman cannot insure his herring seine or his herring net. It very often happens that long liners have their gear destroyed through various causes. The only way the loss can be compensated is through securing a loan. This is the kind of need this legislation was intended to meet.

I also wish to support the suggestions made by the hon. member for Northumberland-Miramichi with respect to increasing the period of repayment and making the payments easier for the fishermen. As the minister pointed out this legislation was introduced by the Liberal government some three years ago. During that three year trial period we have learned many things from firsthand experience.

As the hon. member for St. John's East has just pointed out, our experience in Newfoundland has been that this legislation is not effective at all. In fact, its effect is so small as to be insignificant. There have been three loans for the whole province of Newfoundland during the past 3½ years. I put a question on the order paper last year soliciting that information. I am reading now from page 2080 of *Hansard* of July 9, 1958, question No. 142, which reads as follows:

1. How many loans have been granted to fishermen in Newfoundland from the fishermen's small loans fund for each year up to the present date?
2. What is the amount of each loan?

Answer by: Hon. Donald M. Fleming (Minister of Finance):

It is assumed that the hon. member is referring to loans made under the Fisheries Improvement Loans Act.

1. Three.
2. It is not in the public interest to disclose this information which is a matter of customer and bank relationship.

I would like to suggest to the minister that he need not have been quite so niggardly in his supplying of information as he appeared to be when he answered my question, because the hon. member for St. John's East has just put on the record the fact that the total of those loans amounted to $1,240 and that was the amount for the three loans. Surely, this could have been disclosed without in any way injuring the customer and bank relationship.

The figures put on the record by the hon. member for St. John's East disclosed also, if his information is up to date, that there have been no further loans made since the date in question, namely July 9, 1958. There must be a reason why so few fishermen are taking advantage of this legislation. It is well

known that in Newfoundland we have very few credit unions and very few communities have the services of a chartered bank. In my own riding, where there are perhaps 10,000 fishermen scattered over 200 settlements, there are four banks but even there a large number of fishermen can have access to a chartered bank without any great difficulty. Therefore, we must look for some reason other than the ready accessibility of banks and the number of credit unions available. These reasons in themselves are not sufficient because in my own riding at least 50 per cent of the fishermen would be able to get to some bank to negotiate a loan without any great difficulty.

I suggest to the minister that one of the reasons for the small use of this legislation in Newfoundland is the lack of publicity. This has already been referred to by the hon. member for Gloucester. These little pamphlets to which he referred are not very well distributed. I have never seen any of them in my riding; I have never heard any fishermen mention them and I think it would be wise for either the Minister of Fisheries or the Minister of Finance to see to it that the secretary of the Newfoundland fishermen's federation at St. John's was given a supply of these so that he could distribute them at least to the various locals around the coast of Newfoundland.

Another reason for the lack of use of this legislation is confusion with similar provincial legislation. In Newfoundland we have a fisheries loan board and very many fishermen—I think perhaps the majority of them—confuse the fisheries loan board with federal legislation. Some way should be found to distinguish between the two separate pieces of legislation. Perhaps a new title is required.

Mr. Browne (St. John's West): May I ask the hon. member a question? Does he not think that the chairman of the fisheries loan board, if he is unable to grant a loan to a fisherman, would refer him to the federal loan board?

Mr. Carter: I am not here to criticize the chairman of the fisheries loan board or anybody else. That is not my purpose here. If I am going to criticize anything it is this legislation and that is my job.

Mr. Browne (St. John's West): It is not criticizing.

Mr. Carter: I will say this to my hon. friend. I have never known a single case yet where the fault was always on one side. Always in my experience there has been a little fault on both sides and if there is fault on the federal side it is my responsibility to criticize. Let somebody else take care of whatever fault there might be on the provincial side.

There could be better liaison between the federal departments and provincial authorities in this matter. I do not know why there is not. Perhaps this is one matter that the Minister without Portfolio might make it his business to look into and see what could be done to remedy it. There certainly is need for some device to differentiate in the minds of fishermen between this particular act which is federal and the various pieces of provincial legislation which provide loans from provincial governments.

But the most important reason of all why so few fishermen in Newfoundland have taken advantage of the legislation is the reluctance of the banks to make these loans. I have had some experience with this because on two or three ocsasions I have had to back notes myself personally before the bank would grant a loan to a fisherman although that fisherman was well known in the community as an honest man and a reliable person. They were very small loans, too, in some cases as small as $200. I can think of one person who had his dory smashed up in a storm. He was able to repair it himself. He provided the labour but he needed the cash to get the materials; I took him personally to the bank and he could not get the loan unless I backed the note for him. When the banks take that attitude toward fishermen they are not living up to the spirit of this legislation. The way in which this legislation is administered by the banks at the present time makes it impossible for the person who needs the loan to get it and the amount of security required is such that loans are available only to those fishermen who can manage to get along without them. Certainly this was never intended by this act.

Therefore, Mr. Chairman, I point out to the minister that as far as Newfoundland is concerned this need still exists. In fact, it is even greater than ever. But we may ask ourselves, what use is there in extending the period for the application of a loan if nobody can make any use of it? I appeal to the minister to consider further amendments along the lines which I have suggested with a view to making this legislation more effective.

Mr. Fleming (Eglinton): Mr. Chairman, I thank hon. members who have spoken both for their support of the measure and for the

suggestions which they have made. I can assure them that all of those suggestions will be carefully considered.

Observations have been made to you tonight, Mr. Chairman, as to the reason why the act has not been more widely used. If the committee will give its consent, Mr. Chairman, I might put on the record now a table indicating the extent of the lending operations under the act up to October 31 last.

The Chairman: Has the minister the consent of the committee to put the table on record?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): The table follows:

FISHERIES IMPROVEMENT LOANS ACT

(loans made—classified by province)

	Fiscal Year ended March 31/57		Fiscal Year ended March 31/58		April 1/58 to Oct. 31/58		Since Inception	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
British Columbia	52	$107,791.00	19	$ 50,235.00	13	$30,243.00	110	$233,579.00
Alberta								
Saskatchewan								
Manitoba	1	1,785.00					1	1,785.00
Ontario	3	3,000.00	5	11,218.00			13	22,022.00
Quebec	20	16,572.00	10	10,734.00	2	1,560.00	39	35,314.50
New Brunswick	45	28,558.00	43	27,332.00	15	12,082.50	120	75,127.50
Nova Scotia	21	27,056.00	17	16,995.47	9	10,622.50	66	68,782.54
Prince Edward Island	59	52,424.43	42	33,445.96	38	33,383.51	166	135,197.19
Newfoundland	2	1,000.00					3	1,240.00
Total	203	$236,186.43	136	$149,960.43	77	$87,891.51	518	$573,047.73

The table indicates that up to October 31 last, after about 34 months of operation, the total number of loans guaranteed under the act was 518. The aggregate amount of loans involved at that date was $573,047.73. This may not be a very impressive total, and attention has been drawn by some hon. members to the fact that remarkably little use has been made of the provisions of the act in some provinces. Perhaps the most conspicuous example, having regard to the extent of the fishing industry within it, is Newfoundland. The number of loans made in Newfoundland to date is only three.

Hon. members may speculate as to the reasons why greater use has not been made of the facilities offered by the act. Opinions will vary. Perhaps the correct explanation will vary according to the locality or according to the province. The fact is that the act provides for a system of lending for certain designated purposes by the chartered banks, credit unions and caisses populaires. This is not a case of government lending. This is a case of government guarantee of loans made by such lending institutions within the limits prescribed by the act and for the purposes prescribed by the act.

While the volume of lending has not been large it appears, in the experience of those charged with its administration, that in large degree contractors for the prime product have been financing the fishermen's operations. However, the current trend appears to be for fishermen to become more independent of the buyer and the opinion of those who are charged with the administration of the act is that greater use is likely to be made of the provisions of the act.

Reference was made to the pamphlet. I think hon. members who have seen the pamphlet in connection with the act will regard it as an excellent pamphlet. It was issued in 1956 by the queen's printer and is available. I shall, of course, be very glad to make inquiries such as some hon. members have suggested tonight as to ways in which wider distribution of this useful pamphlet may be achieved.

I was asked certain questions with regard to classifications of lending operations. The annual report which has been tabled from year to year in the house has followed certain standard classifications in giving a breakdown of the loans to the house. The lending operations have been broken down by numbers of loans, aggregate amount of loans, provinces and purposes, whether for fishing equipment, whether for the purchase and repair of vessels and boats or building and construction. There are no figures available as to other forms of classifications. The hon. member for Gloucester asked for classification by lending institutions, that is to say, a breakdown as between chartered banks, credit unions and caisses populaires. That is not available but I shall be glad to make inquiries to see if

such information can be had before the bill reaches the house for second reading.

Mr. Robichaud: It would be helpful if it were only between banks and credit unions.

Mr. Fleming (Eglinton): There has been lending done by the credit unions. When I made arrangements with the chartered banks to continue their lending operations under the act during the period between December 11, 1958 and the date the present proposed measure comes into effect a similar arrangement was made with the credit unions. However, I shall endeavour to obtain the information sought by the hon. member and give it to the house when the bill comes before the house on the motion for second reading.

I was also asked as to the number of applications rejected. I doubt whether that information is available because these are applications made to banks, credit unions or caisses populaires, not applications made to the department.

Various suggestions have been made as to ways in which the scope of the act might be extended. The hon. member for Queens-Lunenburg put forward a concrete proposal which was supported by the hon. member for St. John's East and also by the hon. member for Burin-Burgeo. I may say that the first two named members spoke to me about this matter also after the resolution appeared on the order paper. I may also say that I have been very much impressed by the suggestion and I tell the committee now, as I told my hon. friends, that I shall certainly be prepared to give very sympathetic consideration to the suggestion. I think there is merit in the proposal that has been made. It is a fact that the act, which has not been amended since it first came into effect in 1955, does not permit a guaranteed loan to be made to a person who at one time had an interest in a fishing vessel but no longer has such interest or to a person who desires to acquire an interest in a fishing vessel for the first time. As I have told my hon. friends, I shall certainly be glad to give very sympathetic consideration to the suggestion which has been made.

Mr. Robichaud: I have one more question before the resolution is carried. Would the minister also give consideration to the request I made that the directors of the credit unions be contacted to find out why they are not taking more advantage of the legislation? It may be that the guarantee on the 15-10 per cent basis may not be altogether satisfactory. It may be that it could not be done this year but the minister might consider an amendment for next year to provide a 20-15 per cent guarantee or even 20-10 per cent.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): I shall be glad to give consideration to my hon. friend's suggestion with respect to contacting the directors of the credit unions. As to his second point, my impression is that the limit now set by the statute on the extent of the government's guarantee has not been a stumbling block in the way of wider use of the provisions of the act. It may be, as is indicated in the province of Newfoundland, that the availability of this type of loan under the statute is not as widely known as one would wish. I can certainly say, however, and give full assurance to the committee that it is the government's wish that the fullest use be made of the provisions of the act by those for whose benefit the legislation was enacted by parliament.

Mr. Robichaud: Are these pamphlets being circulated in the French language?

Mr. Fleming (Eglinton): Yes.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill C-30, to amend the Fisheries Improvement Loans Act.

Motion agreed to and bill read the first time.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR APPOINTMENT OF JUDICIAL AND ADMINISTRATIVE OFFICERS, ETC.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. C-26, to amend the Northwest Territories Act.

He said: Mr. Speaker, during the many years that have elapsed since the Northwest Territories Act was first enacted the house has been ready to keep pace with the development of the territories by approving the necessary amendments from time to time. I am sure all hon. members will agree that the amendments I have the honour to present at this time represent forward steps in providing the territories with orderly and effective administration.

At the present time the act provides that elected members of the council hold office for a term of three years from the date of the return of their individual writs of election. Because of the time it takes for the returns to come in from the outlying polls the effect of this provision is that each member's term of office starts on a different date. It is desirable to have all elected for the same term and it is proposed, by this amendment, to establish a definite term of office for the council itself, the term being three years from the date of the return of the writs for the

general election. This date is fixed in the order that the commissioner issues to the chief electoral officer prior to each general election. The life of the council will begin on that date, following the practice which the Canada Elections Act provides with respect to the House of Commons.

The present act also provides that the governor in council may, at any time after the expiration of two years from the date of the return of the writs of election of the elected members of the council, dissolve the council and cause a new council to be elected and appointed. It is now proposed, by the new amendment, to bring the principles relating to dissolution in the territories in accord with the principles followed in the provinces and in this house. A similar change was made several years ago in the Yukon Act, and its provision in this act is another step in the evolution of the Northwest Territories toward responsible government.

Hon. members will have noted that some sections are to be repealed and not replaced. These subsections provided that when an elected member dies, resigns or is otherwise incapable of holding office, the vacancy thus created in the council should be filled by appointment by the governor in council. With the repeal of this subsection, the provisions of the Canada Elections Act for by-elections when an elected member dies, resigns or is otherwise incapable, become effective. They will be effective by virtue of section 114 of the Canada Elections Act. Thus, although there will be no specific provision for by-elections in the Northwest Territories Act itself, by-elections will be held as provided in the Canada Elections Act. It is considered that the time has come to provide for by-elections, thereby making fully effective the right of the people of the territories to elect their own representatives. The Yukon Territory has had provision for this type of by-election for some time.

Another amendment to the bill will authorize the commissioner, on the recommendation of the Northwest Territories council, to designate the place in the territories where, under the act, one session of the council will be held each year. Under the present wording the right to designate the place rests with the governor in council and it is a forward step to give to the commissioner the right to do so on the recommendation of the council itself.

The purpose of the third amendment is to clarify the present section 37. It is desired to appoint presiding officers for the small debt tribunals established under the judicature ordinance, and it is not clear whether the present section 37 of the Northwest Territories Act is broad enough to authorize their appointment. A similar amendment was passed at the last session of parliament in connection with the Yukon Act.

The fourth amendment in the bill concerns the importation of liquor into the territories. At the present time subsection (1) of section 42 of the Northwest Territories Act prohibits the importation of liquor into the territories unless the permission of the commissioner has been obtained. The commissioner may be unavailable, and it is therefore proposed by this amendment that he be authorized to designate a person to act for him under this section when required. Once again, a similar amendment was made to the Yukon Act at the last session of parliament.

Although section 42 of the Northwest Territories Act adequately controls the importation of liquor into the territories, at the present time another federal statute also applies. The Importation of Intoxicating Liquors Act prohibits the shipment of intoxicating liquors into a province except to the provincial government or provincial liquor board or commission. The application of this statute to the Northwest Territories is unnecessary duplication, and this amendment will exclude the territories from its application. A similar amendment was made to the Yukon Act at the last session of parliament.

The purpose of this last amendment is simply to authorize the governor in council to make regulations respecting the protection of sites, specimens and documents of archaeological, ethnological and historical importance. This is considered by the legal officers of the crown to be properly the subject of federal legislation. The proposed amendment is similar to section 51 of the Yukon Act and it will bring the Northwest Territories Act into accord with the Yukon Act in this respect.

With this statement of general principles on these amendments, Mr. Speaker, I think I will content myself. I should like to emphasize the point I made at the resolution stage of this bill that we are moving step by step toward assuring that the administrative and judicial aspects of these expanding territories will grow as the economics of these territories change. In some cases, the changes will be faster possibly than the people in the territories may request them, but in most cases the changes will be with the advice of the councils in each of the two territories. I think this indicates the attitude of the government. I trust that in the debate that will occur on these amendments the various points that can be taken

in regard to the concept of movement forward will be raised by hon. members because, on many of these points, I do not want to take the position that the final word has yet been spoken. Many of us feel that we are breaking into new fields and we are somewhat reluctant to take the position that what we are doing is absolutely right. I think if the debate proceeds in that spirit it will add something to the progress we are making and will give me some ideas, I hope, for future amendments to these acts concerning the two territories so that we can keep pace with the progress in those areas.

Mr. M. A. Hardie (Mackenzie River): I said a few words concerning the judicial aspect of the amendments at the resolution stage of this bill, but I should like now to consider for a moment a part of what the minister has said concerning these amendments. He indicated that, by these amendments, he was proposing to give the Northwest Territories council greater autonomy. With regard to the first clause, he said that a definite term of office for council members would be fixed. But in the particular clause dealing with the matter we find the following:

> Every council shall continue for three years from the date of the return of the writs for the general election of the elected members thereof and no longer, but the governor in council may at any time dissolve the council and cause a new council to be elected and appointed.

I direct attention to the second part of clause 1, which provides:

> —but the governor in council may at any time dissolve the council and cause a new council to be elected and appointed.

In my opinion, this provision does not do what the minister said would be done, namely give a definite term of office to the elected members of council. What this clause will do is to make it possible for the governor in council or the cabinet here in this federal House of Commons, if they so desire, to dissolve the council. If they do not like the colour of the eyes of the members who are elected to council they could the following day or at any time thereafter dissolve the council and cause a new election. I do not think this clause is in keeping with the second amendment with which I wholly agree and which the minister said was a step towards more autonomy.

In the second clause which deals with the convening of the sessions of the council, a change is made from the provision found in the old act which says that the governor in council shall determine the place and time of meetings. Under this new amendment it is the commissioner on the recommendation of the council who does this. In the first clause, in order to give greater autonomy and to bring it more in line with the amendment that is proposed in clause 2, instead of reading "governor in council" I think it should be "the commissioner in council" who dissolves the council.

As for the sections that have been changed to make it possible for by-elections to be held, I wholly agree. I thank the minister for listening to the representations that have come from my riding and from myself in this regard. As to all the other amendments that are proposed, I entirely agree with what the minister has said.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, coming from and practising law in a riding which is contiguous to the area of the Northwest Territories I have had frequent occasion to consider the question of the administration of justice and the constitution of the courts and I am going to take advantage of the suggestion of the minister to put forward two or three brief suggestions derived from practical experience.

With regard to the question of the amendment dealing with the appointment of judicial officers, may I say this. I read what the minister said the other day and what the hon. member for Mackenzie River (Mr. Hardie) said with regard to the question of concurrent jurisdiction. Apart from the question of autonomy there is a question of mechanics there which may well be considered. Here we have a situation where there is in effect a superior court in the Northwest Territories and there is access to the courts of certain provinces. You might easily find the situation—and I think it has developed—where interim and interlocutory applications might be made to a court outside the Northwest Territories and filed in the court house of record there; you there have a case probably commencing in the territories and then interlocutory applications are made in another place. I think that in due course, from what my experience has been, it would be well to consider the repeal of that particular section.

But even more anomalous than that situation, I think is the one where a superior court has jurisdiction in probate matters and where equally concurrent jurisdiction is given in probate matters to the county courts in some of the provinces. The situation might develop that an order made by a superior court judge in the Northwest Territories could be repealed or revoked or set aside by a county court judge presiding in a probate court in one of the provinces. I think that is not a desirable situation at all.

Finally, I would call the attention of the minister to a situation which has come to my

attention on several occasions. This particular section deals with the appointment of sheriffs. In my provincial jurisdiction the right to levy distress under conditional sale agreements is placed in the hands of a sheriff as an officer of the court. That particular situation does not exist in the territories. I understand that, under the terms of most of these conditional sale agreements which are drawn—by the finance companies—and naturally are slanted in the favour of the finance companies who draw them—it is possible for the personal agent or representative of the finance company to levy distress on his own without intervention of the sheriff. I would suggest to the minister that one way in which to remedy this situation would be to invest the sheriff with the complete and sole jurisdiction and discretion in connection with these distress warrants.

The only other suggestion I have to advance is in line with what the minister has said about the gradual granting of a more autonomous form of government to the territories. The time may well come before too long when the appointment of an attorney general may be desirable to advise the council and to act as does the attorney general in the provincial jurisdictions in connection with the administration of justice. I think that the time may well come before too long when this is a consummation to be desired. I put these suggestions before the minister as a result of my own practical experience in dealing with the courts and the system of judicature in the territories.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I just want to say a few words. I listened with a great deal of interest to the comments made by the hon. member for Mackenzie River (Mr. Hardie). I always pay attention to what he has to say. We all know that he has a keen mind, a warm heart, a fund of experience and a great reservoir of native wisdom. I thought that his criticisms of clause 1 had some validity. I should like the minister to deal with that matter at greater length and to reply to the criticisms of the hon. member. This clause seems to me to be somewhat contradictory having regard to regular democratic procedures in the territories. It reads as follows:

> Every council shall continue for three years from the date of the return of the writs for the general election of the elected members thereof and no longer, but the governor in council may at any time dissolve the council and cause a new council to be elected and appointed.

As I understand that clause, if there were elected a council of a stripe of which it was not fond or whose personnel were unpopular with the government or the senior members of the administration, it would be possible for the governor in council to get rid of the lot of them by just dissolving the council and having a new council elected. I may not understand the situation fully but I listened carefully to what the hon. member for Mackenzie River said. As I said before, throughout his years here he has come up with some practical suggestions. He has a great deal of knowledge with respect to the territories. I should like the minister to reply in committee to the criticisms made by the hon. member.

Mr. Speaker: I must inform the house now that if the hon. minister speaks he will close the debate.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, there were two points made tonight that I think deserve an answer. The first one dealt with the suggestions made by the hon. member for Mackenzie River (Mr. Hardie) and the hon. member for Nickel Belt (Mr. Godin) on the resolution stage, and by the hon. member for Peace River (Mr. Baldwin) tonight concerning the judicial arrangements and procedures in the Northwest Territories. I mentioned casually on resolution stage that representations had been made to us over the past year with regard to reform in the administration of justice in the territories, and that as a result of those representations the Minister of Justice (Mr. Fulton) and one other would be going up there this summer. I looked into that recently and I found out I am slightly in error. The Minister of Justice is going up a little sooner than that, and I have an advance copy of a press release which is due out tomorrow, and I trust that when this is announced hon. members will see the extent to which the hon. minister is planning to cover the north in looking into this matter. I think I should say that the minister is being accompanied by the deputy minister and by the commissioner of the mounted police and is covering 14 places in the Northwest Territories.

The second point is the key one, I believe, and this was the reason why there was added in the first section these words:

> —but the governor in council may at any time dissolve the council and cause a new council to be elected and appointed.

The first change was in the use of dissolution to make it similar to the provinces. Now you can dissolve at any time like the provinces and this house. It is the next stage which causes concern. If you can visualize this council made up of five appointed members, appointed by the minister under the governor in council, with a commissioner who happens to be my deputy minister, and then four elected members you see the picture a little

more clearly. Supposing we had put in "dissolve on the advice of the commissioner, on the recommendation of the council", what would that mean? It would mean the five appointees of the federal government and the commissioner would be given the power to recommend dissolution. Supposing that there were a quarrel, which has never happened to date, between the elected members and the appointed members appointed by the federal government for the period of the duration of the office. How could we best, first of all, move toward the provincial pattern, and secondly, set the stage so that eventually when we have a resident commissioner and a majority of elected members, and finally all elected members, they could move smoothly into the new democratic position?

On the surface it would look more democratic to say, as was suggested, the commissioner on the recommendation of council; but in actual practice if we wanted to protect the elected members we would not give this power to the majority of council. Therefore, what we have done is to keep that power in the hands of the governor in council at this stage, so that if there is a difference between the elected members and the appointed members—and remember that the appointed members in the commission are in the majority—knowing our feelings on this thing we could move in and protect their wishes. If they wanted dissolution and they expressed it in a divided council, then we have the power to give them that dissolution. If they opposed dissolution, even though the appointed members wanted it, we can look at their advice.

Now, quite frankly, this is not a subject on which to be dogmatic, but it looked to me, after I listened to all the discussions and the points raised by the hon. member for Mackenzie River and again by the hon. member for Kootenay West, that considering all those things this seemed to be closer to what we wanted to do, and that is to make sure that the interests of the elected members would be paramount. I quite candidly confess we wondered if we could not move the elected members up to five and give them a majority, and cut down the appointed members, but at the present time the feeling of the members of the council is that they are not in favour of extending the number of elected members to this degree. So that with the situation as it is, and with their answers expressed to us as they are, this is the solution which we reached.

Mr. Speaker, I think that is a complete answer to that point. It sounds a little irrational but that is the explanation.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—*Duration of council; elections*

Mr. Hardie: I thank the hon. minister for his explanation, but he still has not sold me on this proposition that the present wording of this bill is a step toward more democratic operation of the council. I still feel, as the hon. minister said, that if we were to change the words "governor in council" to "commissioner in council" in clause 1, it would do exactly what the minister said it would do a moment ago. It would at least give the elected members of that council the opportunity to discuss dissolution, but under this amendment the question would not be considered by the council at all. The cabinet could decide, as I said, that because they did not like the colour of somebody's eyes who had been elected they would dissolve the council without considering the council or placing this proposition before the council. For that reason I would like to move an amendment to clause 1 of the bill as follows:

That clause 1 of the bill be amended by deleting the words "governor in council" in the eleventh line thereof and by substituting therefor the words "commissioner in council".

Mr. Hamilton (Qu'Appelle): I am sorry but I will have to oppose this amendment. I grant that it looks more democratic, but in practice it is the opposite, because it gives the power to the appointed members and the commissioner, without reference to the cabinet, to dissolve, and I think we should keep the power of dissolution in the hands of the democratic elected representatives of the people.

Amendment negatived: Yeas, 11; nays, 51.

The Deputy Chairman: I declare the amendment lost. Shall clause 1 carry?

Mr. Chevrier: May I call it ten o'clock?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the house leader what the business is for tomorrow?

Mr. Green: Mr. Speaker, tomorrow we shall continue with this debate on Bill C-26, an act to amend the Northwest Territories Act; we will then take item No. 4 on today's order paper, an act to amend the National Defence Act; item No. 2, an act to amend the St. Lawrence Seaway Authority Act; item No. 5, an act to amend the National Housing Act; item No. 9, the resolution concerning the appointment of parliamentary secretaries; item No. 7,

the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act; and then the bills with respect to the Trans-Canada Highway Act and the Fisheries Improvement Loans Act.

Mr. Chevrier: May I ask the house leader what the business will be for Thursday and Friday? I understand there is an agreement for Thursday but perhaps he could tell us what the business on Friday will be.

Mr. Green: It has been agreed that there will be a one day debate on external affairs on Thursday. I am not sure about Friday. We may have to go on with some of this business, except the St. Lawrence Seaway Authority Act. We may take the estimates of the Department of Citizenship and Immigration.

Mr. Chevrier: Would the hon. gentleman indicate what we will do on Monday?

Mr. Green: Monday and Tuesday will be devoted to a supply motion, Mr. Speaker.

It being five minutes after ten o'clock the house adjourned without question put, pursuant to standing order.

66968-9—87½

Questions

ANSWER TO QUESTIONS

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

ROADS TO RESOURCES AGREEMENTS

Question No. 109—**Mr. Benidickson:**

1. On what dates and with which provinces have agreements been signed under the roads to resources program and what is the description and estimated cost of each project approved in these provinces?

2. On which projects is work actually in progress and on what date approximately did work on each project get under way?

3. In the case of each province which has not signed an agreement, what is the reason for the failure to conclude an agreement?

4. Have any projects been undertaken in these provinces in advance of agreement, and if so, what are the projects, when was the work begun and what is the estimated cost?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. To date, the only agreement which has been executed between the federal government and a provincial government to cover the roads to resources program within a province is the agreement between Canada and British Columbia which was signed on November 4, 1958. A copy of this agreement has been tabled in the house. It covers the construction of a road between Stewart and Cassiar at an estimated cost of something over $15,000,000.

2. Work is under way on the Stewart-Cassiar road. This work was started during the 1957 construction season.

3. Agreement in principle has been reached with all provinces except Quebec, which has not yet indicated an interest in taking part in this program, and negotiations leading to the signing of formal agreements are well in hand. However, at a fairly late stage in these negotiations, one of the provinces asked for an amendment in the terms of the proposed agreement which was, in effect, a change in the conception of the whole policy. Since it has been the government's aim from the very outset of these negotiations to maintain uniformity in the agreements with the various provinces, it has been necessary to consult again with other provinces on the desirability of incorporating in the agreements the new feature proposed by this one province. These consultations are now going on and it is hoped that the formal agreements will be concluded in the not too distant future.

4. Yes. In the eight provinces with which negotiations are nearing conclusion, the provincial governments have been authorized to commence work on roads already agreed to on the understanding that the federal government will share the costs when the formal agreement has been signed and subject to the terms and conditions of the agreement. It is not possible to provide details at this time as an undertaking has been given to the various provinces that information on individual roads making up the provincial programs will not be made public until the formal agreement has been signed by both governments.

APPENDIX

CHICAGO WATER DIVERSION—EXCHANGE OF AIDE MEMOIRES

On a number of occasions in the past, the Canadian government has expressed its objections to proposals envisaging increased diversions of water from lake Michigan at Chicago. Once again, and at the invitation of the government of the United States through the United States embassy's aide memoire of February 9, 1959, the government of Canada is anxious to make known its views on legislative proposals now before congress such as Bill H.R.1, which are intended to authorize an increased diversion of water from the great lakes basin into the Illinois waterway.

While recognizing that the use of lake Michigan waters is a matter within the jurisdiction of the United States of America, it is the considered opinion of the Canadian government that any authorization for an additional diversion would be incompatible with the arrangements for the St. Lawrence seaway and power development, and with the Niagara treaty of 1950, and would be prejudicial to navigation and power development which these mutual arrangements were designed to improve and facilitate.

The point has been made repeatedly by Canada that every withdrawal of water from the basin means less depth available for shipping in harbours and in channels. Additional withdrawals would have adverse effects on the hydro electric generation potential on both sides of the border at Niagara Falls and in the international section of the St. Lawrence river, as well as in the province of Quebec, and would inflict hardship on communities and industries on both sides of the border.

The government of Canada therefore protests against the implementation of proposals contained in H.R.1.

Ottawa, February 20, 1959.

AIDE MEMOIRE

The Canadian government has on various occasions in the past furnished the Department of State with the Canadian views on proposed United States legislation aimed at increasing the diversion from lake Michigan into the Illinois waterway. The most recent comments of this nature were contained in an aide memoire received on January 6, 1958, from the Canadian embassy in Washington.

Once again this year, as in recent years, a considerable volume of legislation looking to increased diversion from lake Michigan at Chicago has been introduced in the 86th congress. Some of this legislation is similar to former legislation with regard to which Canadian views have previously been expressed. A number of other pending bills, however, such as H.R.1, a copy of which is enclosed, call for a one-year additional diversion period to be made as part of a three-year study of the effect on lake Michigan and on the Illinois waterway of such an increased diversion.

Congressional hearings on this legislation are scheduled to begin in the near future. During the course of these hearings it is anticipated that the Department of State will be asked to submit a statement as to the present Canadian views. It is hoped, therefore, that the Canadian government will be able to transmit to the embassy at an early date its views with respect to that proposed legislation which would authorize an additional 1,000 cubic feet of water per second to be diverted from lake Michigan into the Illinois waterway, for a period of one year as part of a three-year study.

Embassy of the United States of America,
Ottawa, February 9, 1959.

HOUSE OF COMMONS

Wednesday, February 25, 1959

The house met at 2.30 p.m.

GRAIN

WHEAT—ANNOUNCEMENT OF INTERIM PAYMENT ON 1957-58 CROP

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I wish to make a statement in connection with the 1957-58 pool account for wheat. The Canadian wheat board has submitted a report dealing with the financial position of this account, indicating it to be in a surplus position at the present time. The board has advised that it is possible to make an interim payment to producers and the government has, accordingly, authorized a payment of 10 cents per bushel on all grades of wheat except the top grades of durum, upon which the interim payment will be 15 cents per bushel.

Producers delivered a total of 376.9 million bushels of wheat to the 1957-58 pool. Taking into consideration the higher interim payment rate for the top grades of durum wheat, the payment will provide for the distribution of $38.8 million to western producers. The distribution of cheques will be commenced by the board within the next two or three weeks.

A special word may be required with regard to durum. There is a limited export market for durum wheat, at the present time confined largely to Switzerland and Germany, and the very large production increase experienced in recent years has resulted in a surplus position of durum in western Canada. This surplus has developed at a time when world demand for durum has decreased in relative terms because of improved production in consuming countries as well as increased production by other exporters. As a result the premium price commanded by durum has steadily declined in the past two years.

Up until the present crop year special delivery privileges were granted for durum wheat, but since the beginning of August, 1958, marketings of durum have been under regular specified acreage quotas. In addition, the initial payment rates for durum wheat are now at the same level as the initial payment for the corresponding grades of hard spring wheat. Both these factors reflect the marked change which has taken place in the past two years in the marketing potential for this type of grain.

Producers are aware of the changed conditions, and in 1958 reduced durum acreage by over 50 per cent. In spite of this, production last year was in excess of a year's commercial requirements and added to some extent to the existing surplus. The higher rate of interim payment being made for the top grades of durum, therefore, reflects marketing conditions in the past rather than the outlook for the future.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I think the house will welcome the announcement made by the minister, coming as it does at this season of the year. I believe it is well in advance of some other years, and certainly the payment is up to average. At a later time perhaps we might be able to hear from the minister as to the progress that is being made in the utilization of the increasing surplus of storage facilities that I believe has become available over the winter months, so the quota restrictions will not be as severe as those in force in other years.

The distribution of this amount of money will, of course, be welcomed in western Canada. The minister indicated that the wheat board would be able to commence to process payment within two or three weeks. Has he any indication as to just how long it will take to complete the job?

Mr. Hazen Argue (Assiniboia): This is an announcement that has been made for a great many years, namely the provision for an interim payment on wheat. In very recent years the interim payment has been of the same amount as has been announced, namely 10 cents per bushel. This is just half the 20 cents interim payment that had become the pattern for a great many years after the war. No matter what the size of this payment, it can be said, Mr. Speaker, that prairie grain producers support the Canadian wheat board system of marketing their wheat, oats and barley.

There may be a feeling, there is a feeling, that this payment should have been supplemented by a deficiency payment, and by means of a deficiency payment made substantially larger, but that does not constitute a quarrel amongst prairie grain producers with the wheat board system of marketing grain. I express the hope that it may be possible to

close out the account at an early date and make final payment as quickly as possible. This payment will be welcomed now particularly because western grain producers are hard pressed for cash, and they will be looking forward to government action in this field subsequent to the mass delegation coming to Ottawa.

Mr. Churchill: If I may answer the question asked by the hon. member for Kenora-Rainy River, I think the cheques will all be received by the farmers within three weeks' time.

STARRED QUESTIONS

ROYAL COMMISSION ON ENERGY—EXPENDITURES

Question No. 16—**Mr. Forgie:**

What has been the cost of the royal commission on energy, including travelling expenses, up to the latest date for which figures are available?

Right Hon. J. G. Diefenbaker (Prime Minister): The answer to the question asked by the hon. member for Renfrew North is that the cost of the royal commission, including travelling expenses, from November, 1957, to March 31, 1958, was $83,387.48, and from April 1, 1958, to January 31, 1959, $233,737.04.

SECONDARY TRANS-CANADA HIGHWAY, CAMPBELLTON-MONCTON, N.B.

Question No. 19—**Mr. McWilliam:**

1. Did the government receive from the province of New Brunswick or from other sources, a request for a secondary trans-Canada highway from Campbellton to Moncton?
2. If so, what action has been taken?

Hon. Howard C. Green (Minister of Public Works): The answer to the first question is that representations were received through Mr. Van Horne, M.P., from the Chatham bridge committee that the federal government declare the highway from Campbellton to Moncton a secondary trans-Canada highway.

The answer to the second question is that no action has been taken, as the route was not designated by the province as the route of the trans-Canada highway and there is no provision in the legislation for a secondary route.

PAINTING "LANDSCAPE WITH CHRIST APPEARING TO THE APOSTLES"

Question No. 23—**Mr. Pickersgill:**

1. Did the director of the national gallery receive authorization from the government or any member of the government or anyone authorized to speak for a minister, either in writing or orally, to make an offer for the purchase of the painting "Landscape with Christ appearing to the Apostles" by Breughel?
2. Was any offer made by the director of the national gallery to any agent acting for the owner Baron G. von Polnitz to purchase this painting?

[Mr. Argue.]

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The answer to part 1 of the question is that the board of trustees of the national gallery had asked for "authorization to negotiate for the purchase of the Breughel owned by Baron von Polnitz". At the same time the trustees asserted that the necessary funds had been appropriated and were available for the purchase. This statement was confirmed by the director of the gallery. Acting on this information, which later proved to be erroneous, the cabinet on May 2 authorized the Acting Minister of Citizenship and Immigration to give permission to the director to proceed accordingly.

During the ensuing week end it was found that the assumption of funds available in the purchase account was incorrect, and accordingly on May 7 the acting minister instructed the director to suspend negotiations immediately and advise the parties accordingly. This was done on May 8 and confirmed by letter from the director to the owner on May 12.

The answer to part 2 of the question is that the director of the national gallery did telephone to an agent of Baron von Polnitz on May 2 and asked him in effect whether he would find out if the baron would sell the painting for $350,000. The director then advised the agent that funds for the purchase would have to be approved by treasury board and provided by parliament.

It is clear that no authority existed to make a firm offer or enter into a contract for this purchase by the national gallery or the government of Canada or anyone on its or their behalf. The Financial Administration Act specifically requires that there be an appropriation provided by parliament for the purpose before a contract can be made.

It is reiterated that the authority asked for was to negotiate. Although granted in the first instance this was immediately revoked as soon as the lack of appropriation was revealed.

SOUTH SASKATCHEWAN DAM—WAGE RATES

Question No. 26—**Mr. Martin (Essex East):**

1. On what basis are wage rates for employees on the South Saskatchewan dam project established?
2. Are they lower, higher, or the same as rates for similar work under collective agreement in the province of Saskatchewan?

Hon. Michael Starr (Minister of Labour): The answers to the questions asked by the hon. member for Essex East (Mr. Martin) are as follows:

1. The rates of pay are established under the authority of the Fair Wages and Hours of Labour Act, which prescribes fair wages;

that is, such wages as are generally accepted as current for competent workmen in the district in which the work is being performed, but shall in all cases be such wages as are fair and reasonable. The contractors are required to pay not less than the fair wages prescribed on this basis and set forth in the schedule of labour conditions applicable to each contract.

2. Eight contract wage schedules were issued between July 10 and November 4, 1958, on this work. With respect to all eight wage schedules, the rates used for three classifications are the collective agreement rates used on government contract work in any part of Saskatchewan. In the absence of collective agreements in the area the wage rates used for the other classifications were established by surveys.

HEATH STEELE MINES LIMITED, NEWCASTLE, N.B.

Question No. 27—**Mr. McWilliam:**

1. Is the Heath Steele Mines Limited, Newcastle, New Brunswick, making regular payments under the guaranteed minimum annual freight revenue, to the Canadian National Railways or the federal government, during their shut-down period, for the Canadian National Railways branch line from Bartibog, New Brunswick, to the site of the company's mine at Little River, Northumberland county, New Brunswick?

2. What is the total amount of money paid to date under this guarantee?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, when the bill authorizing the branch line in question was before the house, and also the standing committee on railways, canals and telegraph lines, in 1956, a general explanation was given to the effect that Heath Steele Mines Limited had agreed to the movement of 450,000 tons of concentrates within the first six-year period of operation, with the stipulation that if there was a deficiency under 75,000 tons of ore in any year, the railway would debit the mining company with the amount of the deficiency, subject to adjustment if in the aggregate 450,000 tons are delivered to the railway over the six-year period.

The settlement for the traffic deficiency for the first year of operation is in progress. I should say, however, that when the bill was before the standing committee in 1956 it was agreed by the committee that all the details of the agreement between the mining company and the railway should not be included in the proceedings, as it was felt that it was not in the interests of the development of the Canadian National Railways to disclose the details of these guaranty agreements.

Starred Questions

PROPOSED CAUSEWAY, NEW BRUNSWICK-PRINCE EDWARD ISLAND

Question No. 28—**Mr. McWilliam:**

1. Has a survey of the New Brunswick-Prince Edward Island proposed causeway been undertaken?

2. If so, has enough data been compiled to determine the feasibility of this project?

Hon. Howard C. Green (Minister of Public Works): The answers to the questions asked by the hon. member for Northumberland-Miramichi are as follows:

1. Yes.

2. No.

VISIT TO YUKON BY LAMBTON WEST MEMBER

Question No. 29—**Mr. Robichaud:**

1. Was the member for Lambton West authorized to make a visit to the Yukon and Northwest Territories, during the month of September, 1958?

2. If so, on what authority was this visit authorized?

3. Were other members of parliament invited to take part on this trip?

4. What were the names and official capacity of other persons, if any, participating in this trip?

5. What was the total amount of expenses involved and for whom were expenses paid?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I have the answer to this question here, but in view of its length I would request that it be made an order for return.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the purpose of questions being starred is in order to get the information required from time to time. I think the house is entitled to have this information.

Mr. Fleming (Eglinton): Will you not get it through an order for return?

Mr. Hamilton (Qu'Appelle): If the hon. member wants it immediately I could ask for the unanimous permission of the house to have it printed in *Hansard*.

Mr. Chevrier: That is quite satisfactory.

Mr. Speaker: Is the minister asking leave of the house for that purpose?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker.

Mr. Speaker: Has the minister the consent of the house to have this answer printed as an appendix to *Hansard* of today?

Some hon. Members: Agreed.

Mr. Chevrier: No, Mr. Speaker; I thought the understanding was that it be printed in *Hansard* in the usual way, not as an appendix.

Mr. Speaker: Does the house give unanimous consent to having the answer printed at this point in *Hansard*?

Starred Questions

Some hon. Members: Agreed.

(Editor's note: The answers referred to above are as follows:)

1. Yes. In his capacity as chairman of the standing committee on mines, forests and waters the hon. member for Lambton West was requested to represent the Minister of Northern Affairs and National Resources for a speech to the board of trade in Whitehorse, Yukon Territory, and in opening the new school and hostel at Fort McPherson, Northwest Territories.

2. Treasury board.

3. Yes. The hon. member for Yukon was invited to be present for the engagement in Whitehorse and to accompany the trip in the examination of the route for the proposed road from Dawson to Eagle Plain in the Yukon Territory. The member of parliament for Mackenzie River was invited to be present for the opening of the hostel and school at Fort McPherson but declined because of a commitment in New York.

4. The persons who participated in the entire trip were:

J. W. Murphy, member of parliament for Lambton West; R. G. Robertson, deputy minister of northern affairs and national resources; G. B. Williams, chief engineer, development engineering branch, Department of Public Works.

For the portion of the trip in the Yukon also present were: Erik Nielsen, member of parliament for the Yukon, F. H. Collins, commissioner of the Yukon Territory, K. Baker, chief engineer, Yukon Territory, N. Gritzuk, in charge of transportation for Western Minerals in Eagle Plain oil explorations.

Present for the portion of the trip from Whitehorse to Yellowknife were: V. Bull and Miss E. Neiszner of station CKCK-TV, Regina, Saskatchewan, who at a cost to the department of only $160 for two prints made the film "Northern Giant" which was shown to members of the committee on mines, forests and waters on February 17 last.

Present for the portion of the trip from Fort McPherson to Yellowknife were: C. Merrill, district administrator, Mackenzie district, W. G. Booth, chief superintendent of schools for the Mackenzie district.

5. The total expenses by the government for aircraft chartered for the trip were $2,515.82.

Mr. Gritzuk, on behalf of Western Minerals, chartered the aircraft which carried him on the entire part of the trip he was on. It also carried Mr. Robertson and Mr. Williams for the actual route examination, and carried Messrs. Nielsen, Collins and Baker on the return portion of the trip from Fort McPherson to Whitehorse.

Personal expenses paid by the government were:

Mr. Murphy	$406.50
Mr. Robertson	967.56
Mr. Williams	556.10
Mr. Merrill	146.95
Mr. Booth	15.40

(*Note:* Expenses for Mr. Robertson and Mr. Williams include additional expenses for a road inspection trip in Banff and Jasper national parks and, in the case of Mr. Robertson, further expenses for visits to Fort Smith and Yellowknife, Northwest Territories. Mr. Merrill's expenses include transportation from Fort Smith to Yellowknife and return in order to join the party. Mr. Booth had no expenses for transportation.)

No personal expenses were paid by the government of Canada for any other person present on the trip.

MCKIM ADVERTISING LIMITED

Question No. 30—**Mr. Godin:**

1. How many contracts, if any, by government departments, were awarded to the advertising firm of McKim Advertising Limited since June 1, 1957?
2. What was the amount of each?
3. Who were the directors of this company (a) for the year 1957; (b) for the year 1958?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, since the reply to this question must be tabled and in fact involves more than one department of the government, I wonder if the hon. member would agree to it being made an order for return.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I think the same objection I made a moment ago applies to this question. While it is true, as the hon. lady has said, that the answer to this question must also come from other departments, I think she should obtain the answers, table them, and give the totals asked. That is, as I understand it, the object of starred questions, so that we can have in *Hansard* a complete answer to the question asked.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, may I direct Your Honour's attention to paragraph 5 of standing order No. 39, which states:

(5) If a question is of such a nature that, in the opinion of the minister who is to furnish the reply, such reply should be in the form of a return, and, during the question period on Wednesday, the minister states that he has no objection to laying such return upon the table of the house, his statement shall, unless otherwise ordered by the

house, be deemed an order of the house to that effect and the same shall be entered in the *Votes and Proceedings* as such.

This is the type of question where the custom always is to put it in the form of an order for return, and that is the only proper way in which the matter can be dealt with since every department of the government is involved; and I submit it is not the type of question which was contemplated when the provision for starred questions was made.

Mr. Chevrier: I am sorry, but I must disagree with the interpretation placed upon that rule by the Minister of Justice. I think the Minister of Justice is correct providing his application of the rule deals with questions which are on the order paper. But this is not an ordinary question on the order paper; it is a starred question. My submission to you, sir, is that the decision of the minister applies to questions that are of an ordinary nature and which have not been starred by the member. If the questions have been starred by the member I submit the information should be given to the house.

Mr. Fulton: Mr. Speaker, may I be permitted to point out that although the question is distinguished by an asterisk it is still a question, and it is on the order paper.

Mr. Speaker: Yes. My understanding of the rules and practice is that if in the minister's opinion the reply should be in the form of an order for return, the minister has the right to state that fact, and the effect is to make it an order for return automatically under the rule. In the previous case the minister was willing to waive his right.

Mr. Chevrier: Mr. Speaker, in view of your decision may I ask the minister if she would not now consent, as the Minister of Northern Affairs and National Resources has, to the submission of all the information required in *Hansard*?

Mrs. Fairclough: Mr. Speaker, it seems to me that this is an entirely different type of question. I submit that sufficient reason has not been shown why this matter should not be made an order for return, and I ask the consent of the house should now be obtained in this connection.

Mr. Speaker: It is so ordered, then, that this question be made an order for return. Consent of the house is not necessary. In fact the procedure we followed before can be followed only by unanimous consent of all members.

QUESTIONS PASSED AS ORDERS FOR RETURNS

INTERNATIONAL RAPIDS—WATER REGULATION

Question No. 7—**Mr. Chevrier:**

1. Did the international joint commission in its order of approval of October 29, 1952, provide for the regulation of water through the international rapids section in accordance with method of regulation No. 5 as prepared by the Department of Transport in September, 1940?
2. Was this method followed and at any time put into operation? If so, what are the details? If not, was rule 5 amended or altered in any manner whatsoever, and by what method or plan, giving details?
3. Was the plan mentioned in 2 still further amended? If so, what are the details?
4. What plan is now in operation and with what result?
5. What plan will be followed with the opening of navigation in 1959?

MCKIM ADVERTISING LIMITED

Question No. 30—**Mr. Godin:**

1. How many contracts, if any, by government departments, were awarded to the advertising firm of McKim Advertising Limited since June 1, 1957?
2. What was the amount of each?
3. Who were the directors of this company (a) for the year 1957; (b) for the year 1958?

RETAINING WALLS, QUEBEC PROVINCE

Question No. 108—**Mr. Dupuis:**

1. Since June, 1957, has the government undertaken work on retaining walls or made grants for such work, within the limits of the province of Quebec?
2. If so, at what places and for what amounts?

C. D. HOWE COMPANY LIMITED

Question No. 144—**Mr. Fisher:**

1. Has the government engaged the services of C.D. Howe Company Limited for any work since July 1, 1957?
2. If so, what type of work for what departments, to what value, and on what dates?
3. In any such engagements, were the services obtained through tender or negotiation?

FEDERAL AGENCY DIRECTORS

Question No. 154—**Mr. Argue:**

1. Who are the directors of each of the following government agencies, what are their duties, and what administrative powers does each hold: (a) the national research council; (b) the public archives; (c) the defence research board; (d) the national film board; (e) the national library; (f) the national museum?
2. What rank in the government service does each of these directors hold, and what are his qualifications for the position he holds?

WINTER WORKS PROJECTS, QUEBEC

Question No. 158—**Mr. Bourget:**

1. What was the nature of the projects approved, with amounts and locations, under the winter works program with the province of Quebec?
2. How many persons were employed directly under this program in the province of Quebec on the 1st of February, 1959, and where were they employed?

MOTIONS FOR PAPERS

LA HAVE, N. S. POSTMISTRESS

Motion No. 47—**Mr. McWilliam:**

For a copy of all correspondence, telegrams and other documents exchanged between the Postmaster General and/or any of his officials or any other person, concerning the termination of services of the postmistress at La Have, Nova Scotia, and the appointment of a successor.

Motion agreed to.

COMBINES INVESTIGATION ACT—BREWERY INVESTIGATION

Motion No. 48—**Mr. Eudes:**

For a copy of all correspondence exchanged between Canadian Breweries Limited and Western Canada Breweries Limited or counsel on their behalf, and the Minister of Justice and the director of investigation and research under the Combines Investigation Act, or any other person in the Department of Justice, from November 6, 1957 to December 31, 1958, relating to the inquiry into the brewing industry and the prosecution thereof.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, Canadian Breweries Limited has now been charged with an offence under the Combines Investigation Act and the case has been set down for trial. The correspondence asked for relates directly to this matter. I must therefore oppose production on the ground that it would be improper to produce such correspondence dealing with a case sub judice. I should add that once the case is disposed of I would have no objection to producing this correspondence.

Mr. Speaker: In view of the answer given by the minister does the hon. member consent to this motion being withdrawn subject, of course, to the right of restoring it to the order paper?

Order discharged and motion withdrawn.

NATIONAL MUSEUM—HUMAN AND NATURAL HISTORY BRANCHES

Motion No. 49—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between any cabinet minister or any of his or her deputies, the civil service commission, and any person or persons, since January 1, 1956, relating to the administration and working conditions of the human history branch and the natural history branch of the national museum of Canada.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): In so far as the motion refers to correspondence or other documents between ministers, or ministers and officials, or between officials and the civil service commission, or between any other categories of persons in the government service, it relates to material that is privileged in character and would not normally be returnable.

[Mr. Speaker.]

In so far as the motion refers to correspondence or other documents between ministers or persons within the public service and persons outside the public service, there is, I may say, a good deal to table. Much of it contains allegations about employees in the public service, and all these were included in the investigation to which I referred in the house on January 20. To table the documents would involve the risk of giving publicity to allegations which have, in some cases, been found to be unsubstantiated, and in others to be incapable of proof or disproof. Their publication would involve the risk of causing unjustifiable injury to personal and professional reputations. I am not prepared, Mr. Speaker, to be responsible for causing such injury.

Mr. Speaker: I would remind the minister that this is not a debatable motion. He may rise and say he objects or consents to the motion, but I do not think I can permit him to read a lengthy statement.

Mr. Hamilton (Qu'Appelle): I am simply stating that it is not in the public interest to accept this motion.

The house divided on the motion (Mr. Argue) which was negatived on the following division:

YEAS

Messrs:

Argue
Badanai
Benidickson
Boivin
Boulanger
Bourget
Cardin
Caron
Carter
Chevrier
Crestohl
Denis
Dumas
Eudes
Forgie
Garland
Gour
Granger
Habel
Hellyer
Herridge
Houck
Howard
Leduc
Macnaughton
McIlraith
McMillan
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Nixon
Peters
Pickersgill
Racine
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Tucker
Winch—43.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Asselin
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Best
Bigg
Bissonnette
Bourdages
Brassard (Chicoutimi)
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)

Bruchesi
Brunsden
Campeau
Casselman, Mrs.
Cathers
Charlton
Churchill
Comtois
Cooper
Creaghan
Crouse
Deschambault
Diefenbaker
Dinsdale
Dorion
Drouin
Drysdale
Dubois
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fortin
Frechette
Fulton
Grafftey
Green
Grenier
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Jung
Keays
Kennedy
Knowles
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Letourneau
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Montgomery
More
Morissette
Morris
Morton
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Richard (Kamouraska)
Robinson
Rogers
Rompre
Rynard
Skoreyko
Slogan
Small
Smith (Hastings-Frontenac)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Speakman
Spencer
Stanton
Starr
Stefanson
Stewart
Stinson
Tassé
Taylor
Thompson
Thrasher
Tremblay
Valade
Villeneuve
Vivian
Walker
Webster
Weichel
White
Winkler
Wratten—164.

NATIONAL MUSEUM—PHYSICAL CONDITION OF BUILDING, EXHIBITS, ETC.

Motion No. 50—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports or other documents exchanged between any cabinet minister or any of his or her deputies, or any department or agency of the federal government, and any person or persons, since January 1, 1955, relating to the physical condition of the national museum building, the exhibits contained therein, and the scientific collections and specimens owned and on loan to the national museum.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I can accept this motion subject to the reservation with respect to those items which are privileged.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation expressed by the minister?

Motion agreed to.

DR. JACQUES ROUSSEAU

Motion No. 51—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between any cabinet minister or any of his or her deputies, or any department or agency of the federal government, and any person or persons, from September 1, 1954 to December 31, 1956, relating to the appointment of Dr. Jacques Rousseau as a director of the national museum of Canada.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I can accept this motion subject to the usual reservations.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation expressed by the minister?

Motion agreed to.

NATIONAL MUSEUM—ANNEXATION OF MONTREAL BOTANICAL GARDEN

Motion No. 52—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between any cabinet minister or any of his or her deputies, and any persons, since January 1, 1955, relating to the annexation of the Montreal botanical garden by the national museum of Canada as the national botanical garden.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I can accept this motion and say now that the return is nil.

Mr. Argue: Thank you.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to.

Inquiries of the Ministry

WORK ON MERCIER BRIDGE, MONTREAL

Motion No. 54—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports by inspectors, agreements, contracts, and other documents exchanged between the St. Lawrence seaway authority, the Department of Transport or any other government department, and any person or persons, since January 1, 1955, relating to any work to be done on the Mercier bridge at Montreal, Quebec.

Hon. George H. Hees (Minister of Transport): I understand the hon. member is willing to allow the motion to stand until he decides exactly what it is he does want.

Mr. Argue: I know exactly what I want, but I have had a request to amend it and I am willing to consider the request.

Motion stands.

NATIONAL MUSEUM ADMINISTRATION, ETC.

Motion No. 55—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between any cabinet minister or any of his or her deputies, the civil service commission, and any person or persons, since January 1, 1945 to December 31, 1955, relating to the administration, working conditions, scientific collections and specimens, publication of studies and problems facing the national museum of Canada.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I am glad to accept this motion, with the usual reservations.

Mr. Speaker: Is it the pleasure of the house to adopt the motion, subject to the limitations expressed by the minister?

Motion agreed to.

A. V. ROE COMPANY

INQUIRY AS TO MEETINGS WITH UNION AND COMPANY OFFICIALS

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I wonder if the Prime Minister has anything he can report to the house following the meetings with A. V. Roe and union officials?

Right Hon. J. G. Diefenbaker (Prime Minister): This morning, Mr. Speaker, several of my colleagues and myself had a meeting with Mr. Jodoin and also with leaders of the international association of machinists. Yesterday, and again this afternoon, there will be meetings with representatives of the A. V. Roe corporation. The meeting this afternoon is at 5 p.m. I have nothing to report other than that discussions are continuing.

Mr. Hellyer: As a supplementary question, may I ask if the Prime Minister has put forward, on behalf of the government, any new proposals to the company?

[Mr. Speaker.]

Mr. Diefenbaker: The earlier answer still stands, that while consideration is being given and discussions are taking place there is nothing I have to report at the present time.

[*Later:*]

Mr. Alexander Best (Halton): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Are any steps being taken by the government to explore the possibility of utilizing any number of highly skilled members of the Avro staff in some aspects of the government's various scientific projects under the defence research board?

Hon. G. R. Pearkes (Minister of National Defence): Yes, Mr. Speaker; this problem is being explored by the defence research board.

FINANCE

AUDITOR GENERAL'S REPORT—CONTRIBUTION TO UNITED STATES RED CROSS

On the orders of the day:

Mr. Percy Vivian (Durham): I should like to direct a question to the Secretary of State for External Affairs. Would the minister care to comment upon the section of the auditor general's report which mentions a $50,000 contribution made in late June, 1957, to the United States Red Cross society to help cope with the devastation in the United States caused by hurricane Audrey?

Mr. Speaker: Order. I have grave doubts that this is the proper place to introduce a subject of that age.

INDUSTRY

AIRCRAFT—ALLEGED WARNING INDUSTRY IN JEOPARDY

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Prime Minister if he can confirm or deny a story which appeared in the Toronto *Daily Star,* and which alleges the government was warned 15 months ago that Canada's aircraft industry was in serious jeopardy because of lack of government policy, and that this warning was given to the Prime Minister in a report submitted to him confidentially on December 2, 1957, by the air industries and transport association of Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Now, Mr. Speaker, that is the kind of question the hon. member knows is not proper for the orders of the day. It comprises some statements which it would be improper for me to confirm or deny, and which endeavour to leave the impression that certain things have taken place. I am not going to be placed in the position of confirming or

denying a speculative article of that kind. I am sure the hon. gentleman will agree that such questions are most improper.

Mr. Martin (Essex East): I do not agree with the point of order taken by the Prime Minister, Mr. Speaker.

Some hon. Members: Order.

Mr. Martin (Essex East): I am rising on a point of order. I do not agree with the interpretation given by the Prime Minister, but in order to avoid an argument and elicit information I put to the Prime Minister directly this question: Did he receive such a confidential report on December 2, 1957, submitted to him by the air industries and transport association of Canada?

Mr. Diefenbaker: If ever a question contravened the rules of the house, this question does. The hon. member says the report, allegedly confidential, contained certain information. I am not going to be drawn into a discussion of a hypothetical question such as that, designed to leave the impression that there is certain information of that type.

Mr. Martin (Essex East): On the point of order—

Mr. Speaker: The point has been taken that both questions are out of order. If the hon. member wishes to contest that view I will hear him briefly.

Mr. Martin (Essex East): I am rising on a point of order. In the first question I stated that in the Toronto *Star* there was a report that the Prime Minister had been furnished with a confidential document submitted to him by the air industries—

Mr. Harkness: What is your point of order?

Mr. Martin (Essex East): —and I have asked the Prime Minister whether or not such a report was received by him.

Mr. Harkness: That is not a point of order.

Mr. Martin (Essex East): Will my hon. friend kindly contain himself? We are not now discussing agriculture. Under the rules of the house—

Mr. Speaker: Order. I am endeavouring to hear the hon. member's point that his question is in order. I would, however, suggest that he confine himself to the point of order rather than to an elaboration of the question.

Mr. Martin (Essex East): With great confidence and respect, Mr. Speaker, I suggest that nothing I have said would in any way warrant the interpretation which is now made by Your Honour. Under the rules of this house—

An hon. Member: A reflection on the Speaker.

Mr. Martin (Essex East): Some hon. member says that we are reflecting on the Speaker. I want the hon. gentleman to know there is nobody in this house who has a higher regard for this Speaker than the hon. member who is now speaking.

Mr. Harkness: You should show it, then.

Mr. Martin (Essex East): Under the rules of the house, if a question is put to a minister that minister may refuse to answer. But if he does refuse to answer he should indicate he does not propose to answer the question. This is not the stand taken by the Prime Minister. A question was put to him and he indulged in certain irrelevancies—

Mr. Speaker: I am sorry, but the hon. member is going in a direction which could lead to a debate. I am concerned only about the point of order. The Prime Minister took exception to the question as being beyond the rules of the house, and I consider that is his right. The hon. member has the right to assert the contrary, and I will try to decide as between the two views which is correct.

Mr. Fulton: On the point of order—

Hon. Lionel Chevrier (Laurier): May I be allowed—

Mr. Speaker: I take it that the hon. member for Laurier would speak to the point of order?

Mr. Chevrier: Yes, I should like to discuss the point of order.

Mr. Fulton: If you do you will be the first one on your side who ever has.

Mr. Chevrier: The Minister of Justice gave a good example of that the other day. However, I should like to discuss the point of order. If I understood it correctly it is this, whether or not a member has the right to ask a question of a minister concerning a private or confidential document or a private or confidential report. This was the purport of the question and the Prime Minister, if I understood him correctly, replied that the question was not in order.

I was under the impression, sir, that we had decided that point by your ruling last year, and certainly during the course of this year, concerning another confidential report. It was made quite clear to everyone that it was a confidential report afterwards made a public document, so my submission to you is that the question framed by the hon. member for Essex East is in order because it simply asks whether or not the minister received a confidential document.

Inquiries of the Ministry

Hon. E. D. Fulton (Minister of Justice): On the point of order, Mr. Speaker, may I say this. You will recall that the first question asked by the hon. member for Essex East sought information as to whether a report contained in the press that the Prime Minister had received a document was true. His second question asked merely whether the Prime Minister had received a document in December, 1957. I would refer Your Honour to citation 171 in Beauchesne's fourth edition. Subparagraph (e) points out that a question must not—

(e) inquire whether statements made in a newspaper are true.

Hence the first question asked by the hon. gentleman was out of order. Subparagraph (*l*) states that a question must not—

(*l*) seek, for purposes of argument, information on matters of past history.

The confidential document alleged to have been received would obviously have been received, if received, in December, 1957.

Some hon. Members: Oh, oh.

Mr. Fulton: I do not know what the hon. gentleman's definition of past history is, but to our mind on this side of the house December of 1957 is past history. Perhaps my hon. friend's party does not move that quickly. Both questions were clearly out of order and are not of the type of question which is in order raising matters of immediacy or matters of today. It is surely not in order under the rules to ask a question on orders of the day whether somebody received a document nearly a year and one-half ago.

Mr. Speaker: As considerable point has been made about this particular question I think it would be preferable if I see the question in *Hansard* and deal with it tomorrow rather than attempt to do so now. No harm will be done if the matter is deferred.

Mr. Hellyer: I should like to ask the Prime Minister if the government did in fact receive representations on behalf of the aircraft industry during the month of December, 1957.

Some hon. Members: Oh, oh.

Mr. Speaker: As I understood the hon. member's question, it seemed to be a fairly broad one which had already been asked.

Mr. Hellyer: I should narrow it to December 2, Mr. Speaker, with your permission.

Mr. Fulton: Of 1957.

Mr. Speaker: Perhaps the hon. member will recall that on Monday we spent a day discussing this matter. To inquire into matters of as little urgency as the one which the hon. member now raises seems to me to be repeating a discussion which has already taken place.

Mr. Martin (Essex East): Mr. Speaker, may I address myself to the observations which Your Honour has just made. We have accepted the suggestion Your Honour made with regard to the questions I had put to the Prime Minister. But the hon. member for Trinity has put a question to which no serious objection can be taken, I would submit, under our rules. At the present time important conferences are taking place between the Prime Minister and other representatives of the government and representatives of the aircraft industry. This is a matter of great interest in view of the thousands of men who have been put out of work.

Some hon. Members: Order.

Mr. Martin (Essex East): Surely, Mr. Speaker, on account of the attending circumstances under our rules the question put by the hon. member for Trinity must either be answered by the Prime Minister or he must take the position that he does not propose to answer it. I would submit to Your Honour that that is the position now facing the house.

Mr. Speaker: It seems to me that the question is substantially the one which was asked earlier by the hon. member. It relates to the same matter. I would ask that this matter be left over so I can give a more considered view of the question of regularity as to which so much has been said.

COMMONWEALTH RELATIONS

SUGGESTED CHANGE OF NAME FROM EMPIRE DAY TO COMMONWEALTH DAY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address to the Prime Minister a question which I am confident is in order and will satisfy the sensitive ears of the Minister of Justice. In view of the statement made by the Prime Minister of Great Britain in the House of Commons at Westminster on December 18 last to the effect that, with the concurrence of the other commonwealth governments, it is proposed to forthwith change the name of Empire day to Commonwealth day, does the government propose to introduce legislation this session that would change the name Victoria day to Commonwealth day?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as to the question which was asked of me may I say this. It

is of interest to know, of course, that Empire day is the day before Victoria day.

Mr. Pickersgill: The Friday before Victoria day.

Mr. Diefenbaker: That has been the date set for Empire day throughout the years. Hence, whatever the Prime Minister of the United Kingdom had to say about Empire day, it has no application to Victoria day.

Mr. Herridge: I have a supplementary question. The Prime Minister of Great Britain said that the proposal was being made with the concurrence of other members of the commonwealth. Are we going to have a Victoria day and a Commonwealth day or a Victoria day only? Are we going to fall in line with other members of the commonwealth in this respect?

Mr. Diefenbaker: The point I was making a moment ago, Mr. Speaker, was that Empire day is May 23 and Victoria day is May 24 but a change was made in 1952, I believe, to provide that wherever May 24 falls on a certain day of the week, it shall be celebrated the following Monday. As to whether or not we intend to make a change in the name of either day, that of course is another question. It is a matter for consideration of the government, and if any decision is made the house will be made aware of it in due course.

CANADIAN PACIFIC RAILWAY

WALTHAM-OTTAWA SUBDIVISION—REPORTED APPLICATION TO SUSPEND PASSENGER SERVICE

On the orders of the day:

Mr. Paul Martineau (Pontiac-Temiscamingue): I wish to direct a question to the Minister of Transport. Can the minister inform the house if the board of transport commissioners for Canada has received an application from the Canadian Pacific Railway for suspension of its passenger service on the Waltham-Ottawa subdivision? If so, what consideration has the board given to such application? What objections has the board received to the proposed discontinuance of this service? Finally, will the minister order a public hearing so that all interested parties may be heard before this application is disposed of?

Mr. Speaker: The hon. member's question, as I heard it, relates to something before the board of transport commissioners. It does not seem to me that this is the proper place to inquire as to what is going on before the board of transport commissioners.

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have a relatively simple answer.

Mr. McIlraith: Put it on the order paper.

Mr. Speaker: If the question is out of order I think it follows that it would be irregular to answer it.

NATIONAL DEFENCE

NEGOTIATIONS FOR RELAXATION OF U.S. "BUY AMERICAN" LEGISLATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct to the Prime Minister a question arising out of a story in this morning's *Globe and Mail.* Can the Prime Minister comment on the statement that negotiations are now being conducted with the United States with a view to the relaxation of "buy American" legislation, which imposes a burden of up to 12 per cent on Canadian firms bidding for defence orders? Can the Prime Minister say what progress is being made in any such negotiations?

Right Hon. J. G. Diefenbaker (Prime Minister): As has been said on a number of occasions, Mr. Speaker, continuing representations have been made to the United States with respect to defence production orders. Those negotiations have continued and are continuing. I can add no more to what I said the other evening when I spoke at length in the debate in this regard.

Mr. Argue: I have a supplementary question. Can the Prime Minister say whether the question of the 12 per cent penalty is a matter of negotiation?

Mr. Diefenbaker: Every phase of the matter is a matter of consideration.

REQUEST FOR STATEMENT ON FUTURE ROLE OF R.C.A.F.

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of National Defence. The minister must recognize that the government's decision announced last Friday—

Some hon. Members: Question.

Mr. Garland: —has understandably had a demoralizing effect on the R.C.A.F.—

Mr. Speaker: Order. I think the hon. member began by making an assertion. If he has a question, perhaps he will ask it.

Mr. Garland: I am wondering whether, in view of the present situation, the minister will make a statement either now or at the

earliest opportunity in order to restore confidence among the personnel of the R.C.A.F. with regard to their future role in Canada's defence?

Hon. G. R. Pearkes (Minister of National Defence): I am not aware that the personnel of the R.C.A.F. have lost any confidence, Mr. Speaker.

LABOUR CONDITIONS

NEW BRUNSWICK—INQUIRY AS TO GOVERNMENT ACTION TO RELIEVE UNEMPLOYMENT

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Veterans Affairs. I address my question to the minister as the New Brunswick representative in the cabinet. Has the minister received a telegram from the Saint John *Telegraph Journal* in connection with the 37,000 persons out of work in New Brunswick, asking for positive action by the government to meet the unemployment situation in the province? If so, what action, if any, has been taken by the minister in this regard?

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Speaker, yes; I have received such a telegram. I might inform the hon. member that action has been taken over the last two or three months in this regard by the Minister of Labour and other members of the government.

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to direct a supplementary question to the Minister of Public Works. Can the minister advise the house if any immediate steps are being taken by the government to assure an early start on possible major works projects in New Brunswick, such as the Chignecto canal, to help reduce unemployment?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the hon. member must have been asleep during the last few months. A great many projects have been going on in New Brunswick. Also a great deal of housing has been going on in New Brunswick and in Nova Scotia. However, I am glad to see that he has wakened up at last.

Mr. McWilliam: Mr. Speaker, on a question of privilege, if anyone is asleep it is the Minister of Public Works and his government. There is no sign of any project in New Brunswick.

Mr. Speaker: The hon. member knows that the remark he made was not a question of privilege.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I would ask Your Honour—

[Mr. Garland.]

Some hon. Members: Order.

Mr. McWilliam: May I ask Your Honour, was the Minister of Public Works privileged to make the remark he made?

Mr. McIlraith: Mr. Speaker, I have an important point of order arising out of this matter. I have the fourth edition of Beauchesne open at page 147 because of the reference earlier in the day to certain questions and answers. It is very interesting to note that the putting of a question is governed by certain rules, and the answer is presumably governed by the same rules. I think that is clear. It is also clear that a member asking a question must phrase it in such a way as not to contain or imply charges of a personal character. The Minister of Public Works very clearly this afternoon implied charges of a personal character against the hon. member for Northumberland-Miramichi. Since there have been so many—

Mr. Speaker: I think the point is perfectly properly taken. The Minister of Public Works was out of order in making the statement he did. The same thing applies on both sides of the house. It would be impossible to prevent all of the inferences and, shall I say, aspersions which are attached to questions and answers, and I do not think hon. members would expect me to try to do that.

Mr. McIlraith: I would like to pursue my point of order.

Mr. Speaker: I accept the hon. member's point of order as being well taken.

Mr. McIlraith: Again on a point of order—

Some hon. Members: Sit down.

Mr. Speaker: I have made my ruling. If the hon. member has another point of order I will hear it.

Mr. McIlraith: Mr. Speaker, my second point of order is simply this. The necessary consequence of ruling that a charge of a personal character made in answer to a question is out of order is that the minister, having made such charge of a personal character against a member, must withdraw it.

Mr. Speaker: I am afraid the hon. member misunderstood my ruling. I did not rule that a charge of a personal character had been made. I simply said that in my view the reply which the minister had given was not in accordance with the procedure of the house. Whether it is a matter which should be withdrawn is quite a different question, of course.

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, yesterday the hon. member for Bonavista-Twillingate asked me about the situation at Bell island, Newfoundland, and more specifically whether it was the intention of the unemployment insurance commission to establish a branch office there. I can assure him there is no immediate intention of taking such action.

With regard to the present situation at Bell island, I understand it is as follows. It was announced by the Dominion Wabana Ore Company, a division of Dosco, that on March 21 a lay-off of some 550 men would take place. This results from the shutting down of one mine. Below capacity operation has been carried on there since last June.

While there would be no reason for opening a branch office at Bell island, which is only 12 miles from St. John's, the unemployment insurance commission will be sending a team of officers to Bell island to assist those laid off in filling out claims and registering for employment.

Both the hon. member for St. John's West and the hon. member for St. John's East have expressed a continuing interest in this situation, and I should like to inform them as well as the hon. member for Bonavista-Twillingate that I understand there is a very good possibility of a new iron ore development in Labrador which should get under way in the near future and provide jobs for some of those now being laid off.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Will every effort be made by the Department of Labour to see that if further employment is to be made available in Labrador, preference is given to those miners who are now being laid off in the same province?

Mr. Starr: I can assure the hon. member of that.

ATOMIC ENERGY

STRONTIUM 90—EFFECTS OF RADIOACTIVE FALL-OUT

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. I did not contact his office, but perhaps he would take this as notice. Since the strontium 90 content of wheat grown in Minnesota, North Dakota and South Dakota in 1958 has been reported as being 50 per cent over the safe maximum, would the minister say something about this concentration of strontium 90 in the wheat grown in western Canada, because of health and economic implications? Also I wonder if the minister in replying would give the latest report on the strontium 90 contamination of milk in western Canada.

Hon. J. W. Monteith (Minister of National Health and Welfare): I would like to take this question as notice, Mr. Speaker. I have seen the report, but would like to study it closely before replying.

AIR TRANSPORT

T.C.A.—SUSPENSION OF SERVICE BETWEEN VANCOUVER AND VICTORIA

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. It arises out of reports and statements in the press to the effect that T.C.A. intends to suspend its service from Vancouver to Victoria. Would the minister inform the house whether T.C.A. has applied to the air transport board for such suspension, and whether or not any other air company has applied for the same service—

Some hon. Members: Order.

Mr. Chevrier: This question is quite in order, I think. Will the minister reassure the house that there is no such intention on the part of T.C.A. to suspend its services between those two points?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for Laurier for giving me notice of his intention to ask this question. Trans-Canada Air Lines has not submitted any application to the air transport board in this connection. However, Pacific Western Airlines has submitted an application to the air transport board for authority to take over this route. In accordance with the requirements of the Aeronautics Act this matter must be dealt with by the air transport board, which has now given public notice of this application.

I do not believe I should comment further at this stage, since the matter is presently before the board, other than to point out that all interested parties will have ample opportunity to make their views known in connection with the public hearing which I expect the board will have to arrange in this connection.

VETERANS AFFAIRS

INQUIRY AS TO RECOMMENDATIONS BY CANADIAN LEGION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister

of Veterans Affairs. I address it in the identical language used by the minister on another occasion under somewhat different circumstances. Has the government received a brief from the dominion executive of the Canadian Legion asking for a general increase in rates of veterans pensions and allowances, as well as an increase in the ceiling on permissible income under the War Veterans' Allowance Act? If so what action, if any, is being taken by the federal government or the Department of Veterans Affairs on this request?

Hon. A. J. Brooks (Minister of Veterans Affairs): I thank the hon. member for giving me notice of his question. I would say in reply, yes; the dominion executive of the Canadian Legion presented a brief to the government on October 8, 1958. It contained certain resolutions dealing with pensions and war veterans allowances. The resolutions contained the representations as mentioned in the hon. member's question. These representations are being studied.

(Translation):

COMBINES INVESTIGATION ACT

PULPWOOD—INQUIRY AS TO PROSECUTIONS

On the orders of the day:

Mr. Noel Dorion (Bellechasse): Mr. Speaker, I should like to direct a question to the Minister of Justice.

Could the Minister of Justice inform the house of the progress made in regard to the penal procedures initiated under the Combines Investigation Act, against various paper companies charged with infringing the provisions of that act in securing their supplies from pulpwood producers in Quebec and elsewhere in Canada?

Could the minister supply us, at the same time, with the list of the companies concerned?

Hon. E. D. Fulton (Minister of Justice): The hon. member is no doubt referring to the prosecution arising out of last year's report of the restrictive trade practices commission, concerning the purchase of pulpwood in certain areas of eastern Canada.

The preliminary inquiry in connection with that prosecution, which was held in the Montreal court of sessions of the peace has now been adjourned to March 9. The charge is to the effect that there has been conspiracy to prevent or unduly restrict competition in the purchase of pulpwood in the provinces of Ontario, Quebec and New Brunswick.

Seventeen companies are involved and I shall give the list of them to the hon. member.

[Mr. Herridge.]

(Text):

TRADE

COMMUNIST CHINA—INQUIRY AS TO ACTION TAKEN BY GOVERNMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Is the minister in a position to comment on a statement attributed to Mr. B. F. Errington of Atomic Energy of Canada Limited on his return from a trip to China that Chinese officials are of the opinion that Canada's trade with China could be increased? Is the minister in a position to say what further steps are now being taken to increase our trade with China?

Hon. Gordon Churchill (Minister of Trade and Commerce): I regret I cannot offer my thanks to the hon. member for having given me adequate notice of this question, because I learned about it at 25 minutes past 2, only a few minutes before I entered the chamber. I will therefore have to take the hon. member's question as notice.

COAL

AMENDMENT OF LEGISLATION TO INCREASE FUNDS FOR LOANS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I should like to direct a question to the Minister of Mines and Technical Surveys, notice of which I sent to his office this morning.

As the amount available for loans under the Maritime Coal Production Assistance Act is now only $2,899.33, and as an application for a further loan of over $6 million has been made by the Dominion Coal Company, could the minister advise the house if it is the intention of the government to introduce legislation during the present session to make further amounts available under the Maritime Coal Production Assistance Act?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): I thank the hon. member for Gloucester for having given me notice of this question. I will say in answer that this is a matter of government policy, and that if it is decided to take any action a resolution will be introduced in the house in due course.

Mr. Robichaud: A supplementary question. Can the minister give the house any indication as to when we may expect a decision on the request now before the government on behalf of the coal miners of Nova Scotia?

Mr. Comtois: Mr. Speaker, I think I have already answered that question.

PUBLIC BUILDINGS

QUEBEC CITY—DEMOLITION OF HOSPICE SAINT CHARLES

On the orders of the day:

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Levis asked me whether it was true, as the press had reported, that the Department of Public Works was proceeding with the demolition of the Hospice Saint Charles in Quebec city without having obtained a permit from the city authorities. I said I doubted very much whether those reports were accurate, and I can now advise him that departmental officials in Quebec state that a permit was obtained with regard to this demolition work.

Mr. Bourget: Could the minister tell me when the permit was issued?

Mr. Green: I believe it was before the work commenced.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR APPOINTMENT OF JUDICIAL AND ADMINISTRATIVE OFFICERS, ETC.

The house resumed from Tuesday, February 24, consideration in committee of Bill No. C-26, to amend the Northwest Territories Act—Mr. Hamilton (Qu'Appelle)—Mr. Rea in the chair.

Clauses 1 to 5 inclusive agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall this bill be read a third time?

Mr. Chevrier: Next sitting of the house, please.

The Acting Speaker (Mr. Rea): It is not by leave?

Mr. Argue: I think it depends upon what the members of the government wish to do. If the government wishes to have third reading—

Mr. Green: I think the rules are perfectly clear. It cannot be given third reading now without consent.

Mr. Hellyer: The hon. member who is in charge of the bill on this side of the house is unavoidably absent at the moment. Perhaps the government will allow third reading to stand over on this account.

Mr. Hamilton (Qu'Appelle): That will be acceptable to us.

The Acting Speaker (Mr. Rea): Do I understand that the government agrees?

Mr. Green: We cannot do anything else. We cannot go on without unanimous consent, and that consent has not been given.

Mr. Argue: My understanding is that it has been in committee of the whole; that second reading was given on a prior day. I may be mistaken. If I am in error, then the Minister of Public Works is correct, but if second reading was given on a prior day then the house, if it wishes, can give third reading to the bill.

Mr. Green: The house seems to be all snarled up in rules today. This is second reading. I may be wrong, but I think this is part of second reading, and if second reading takes place on one day we cannot take third reading on the same day without consent.

Mr. Hellyer: The government can resolve this by allowing it to stand over.

The Acting Speaker (Mr. Rea): If an hon. member wishes, he can ask that third reading be stood over. I understood the minister to say he would defer third reading. Was I correct in that?

Mr. Hamilton (Qu'Appelle): What I said was that if the opposition requested a postponement of third reading until the hon. member for Mackenzie River (Mr. Hardie) was here, I should be glad to accede to the request.

The Acting Speaker (Mr. Rea): When shall the bill be read the third time? Next sitting of the house.

NATIONAL DEFENCE ACT

AMENDMENTS RESPECTING COURT MARTIAL APPEAL BOARD, ETC.

Hon. G. R. Pearkes (Minister of National Defence) moved the second reading of Bill No. C-27, to amend the National Defence Act.

Hon. Paul Hellyer (Trinity): Mr. Speaker, like previous bills of the Department of National Defence, the subject matter of this bill involves a number of principles, the first one being the principle of continued unification of the armed forces. I think the position of this party has been made very clear. We support the orderly and continual integration of those services which can be integrated in order to improve the efficiency of the armed forces and to save the taxpayer's money.

With respect to the proposal to substitute a court martial appeal court for the court martial appeal board, I believe that probably

this proposal put forward by the government is a good one and that it will take care of some of the obvious difficulties which were encountered in the previous court martial appeal board. We hope that under the new proposed system there will not be the delays which have been experienced in the past. Perhaps we can ask the minister for his assurance in this regard when we are discussing the matter in committee of the whole house.

With reference to the proposed change in name, Mr. Speaker, I can only say that as far as I am personally concerned I like the present French name for the Royal Canadian Air Force and I do not really feel that it should be changed. We would like to have further explanation from the minister as to why this is necessary.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—*Establishment of organizations.*

Mr. Benidickson: Mr. Chairman, I want to say just a word or two with respect to an omission in the bill. Since the act is up for revision, and in view of the discussions we had in the estimates committee, it occurs to me that we might have found something in this bill that is not there. I think the members of the estimates committee were all quite surprised to find that this, the largest spending department of the government, was not under this act obligated to submit annually to parliament an annual report. We were surprised about this. We had a look at the record and found that for a great number of years, despite the absence of obligation, an annual report was provided and for most of those years in addition a white paper outlining defence policy, was provided to the house. This white paper was usually provided shortly before the debate on the estimates of the department. We found last summer that for a year and a half we had neither a white paper nor an annual report. I am pleased to know that the minister has already given assurances to the house that this session, prior to discussing the estimates of the department, we will receive a white paper.

We all, of course, want to be economy minded, but I think there would be general agreement in all parties of the house that if perhaps we do not need both documents annually, certainly we should not go through the period that we found we had gone through, namely a year and a half, without getting either. In view of the importance of this department in our budgetary arrangements, I think that information of that kind is well worth the expenditure involved. I am pleased that we are getting a white paper but I really do think that, despite the expenditure involved, this of all departments should not be one which, because it is not mandatory under the statute, should avoid presenting to the house, to the country and to the great number of people interested, an annual report.

Mr. Hellyer: Can the minister give us some indication of what further branches of the armed forces he hopes to unify in the near future?

Mr. Pearkes: This amendment will give legal authority for the unification of any of the branches of the forces which at any time in the future may be considered desirable. All this amendment does is to ask for that legal authority. We are reviewing from time to time the advisability of carrying out such integration or unification as may be required in the various different services.

Mr. Hellyer: The minister does not have anything in mind for immediate presentation at this time?

Mr. Pearkes: Steps are being taken continually but I do not think there is any further information which I can give at the present time.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Rules of evidence.*

Mr. Hellyer: Can the minister give us any further explanation of clause 3?

Mr. Pearkes: New rules of evidence are being prepared which will cover all aspects of the laws of evidence which normally arise in connection with courts martial. As the hon. member realizes, the rules of evidence in the various provinces are not all uniform. Therefore, it is considered desirable, as the service personnel move from one province to another, to have a uniform code of evidence and that will be published and circulated to all concerned.

Mr. Hellyer: On which province would the rules of evidence be based? Does the minister have information on this?

Mr. Pearkes: We are preparing a codification of the laws of evidence. It will be applicable to all service personnel no matter where they are serving, whether in a province of Canada or overseas.

Mr. Hellyer: Does the minister not think that these laws of evidence should have been included in the bill so that we could have had a chance to look at them?

Mr. Pearkes: No, I do not think they could have been included in the bill but I will be very pleased to table them as soon as they are printed if the hon. member is interested.

Mr. Hellyer: I will be pleased to receive a copy.

Mr. Nielsen: Can the minister explain the reason for the change from the rules of evidence formerly applicable at courts martial to what amounts to rules of evidence to be legislated? Will the minister also explain how changes and additions in the rules of evidence brought about by precedents laid down in the courts from time to time will be included in these rules of evidence?

Mr. Pearkes: I am informed there is no uniform code of rules of evidence which applies in all the provinces. The code will be tabled. When amendments are made to the rules of evidence any changes required in the code will be made by way of amendment.

Clause agreed to.

Clause 4 agreed to.

On clause 5—*Regulations respecting execution of punishment of death.*

Mr. Hellyer: I understand that the reason for this clause is to set out in detail the manner in which an execution is to be carried out. Does the minister have any further explanation beyond his statement of the other evening?

Mr. Pearkes: Yes. If a court martial sentences a serviceman to the death penalty the sentence, if approved by the convening officer, is referred to the governor in council. The governor in council would then be advised by the minister submitting the recommendation as to the place where and manner in which the execution should be carried out and also as to the date. In an ordinary civil court the judge, at the time he pronounces sentence, announces the place where, the manner in which and the date when the sentence will be carried out. That is not possible, of course, when dealing with sentences imposed by a court martial. The sentence might be pronounced in some far distant country overseas. It would have to be submitted to the governor in council and the recommendation with respect to whether the execution should be carried out by hanging or whether it should be carried out by a firing squad would then have to be considered by the governor in council.

Mr. Nielsen: I have two questions on this clause. Under the present National Defence Act what offences call for the punishment of death? Second, is the sentence of death appealable to the court martial appeal board, to be called by another name under the next clause in the bill, regardless of whether or not the individual found guilty is on active service?

Mr. Pearkes: Yes. All findings of courts martial can be appealed to the appeal board or appeal court as it will be called if the bill carries. There are a number of crimes which one might describe as being of a traitorous nature for which the death sentence may be imposed if the crimes are committed in the face of an enemy.

Mr. Hellyer: I wonder whether the minister would permit one question on the previous clause. At the top of page 2 it says that when the decision of the court martial is not unanimous that court is to be dissolved and the accused may be tried again. How many times can an accused be tried on the same count? Is there any limit?

Mr. Pearkes: This is similar to a case where a jury would disagree in an ordinary court. There is no limit put on the number of times that an accused may be tried.

Clause agreed to.

On clause 6—*Preliminary disposition of appeals.*

Mr. Nielsen: Would the minister explain what the purpose is in changing the name of the court martial appeal board and setting up this court under the jurisdiction of superior court judges rather than the body in existence under the present legislation?

Mr. Pearkes: The reason for recommending that the court martial appeal board be replaced by a court of appeal is to give servicemen the same opportunity of appealing to a superior court that an ordinary civilian would have. It is really raising the status of the appeal body from that of a board to that of a court composed of judges either of the exchequer court or of the superior court of the province.

Mr. Nielsen: Before the clause carries, may I say that I think it is a tremendous advantage to the serviceman to have such a facility available to him. Will the minister explain further whether under the National Defence Act the serviceman may obtain the assistance of counsel to advise him as to whether or not he should appeal? If the decision is made to appeal can he obtain the assistance of civilian counsel for the purpose of appealing to the court? These rights are available, of course, to accused persons in civil life and I feel that they should be available to the serviceman.

Mr. Pearkes: There is provision for them to have counsel.

Mr. Hellyer: Can the minister give us a little more information about the new section 189 found in clause 6? Does the chief of staff, upon the recommendation of the judge advocate general, have the right under any circumstances to withhold an appeal?

Mr. Pearkes: No, the chief of staff has no right to withhold an appeal. It is a privilege of the man who has been convicted to enter an appeal.

Mr. Nielsen: Would I be right in saying that the right of appeal of a serviceman under this legislation is the same as the right of a civilian to appeal before an ordinary court?

Mr. Pearkes: I am informed that an accused appearing before a court martial does not have the same right of appeal to the court martial appeal board as a person convicted by a civil court has to appeal to a provincial court of appeal. The person convicted by a court martial has a wider right in that no leave to appeal is required in any case, but his right is narrower in that he may only appeal to the court martial appeal board against the legality of the finding and sentence.

He may appeal against the severity of the sentence, but such an appeal is considered by the appropriate chief of staff and not by the court. It is considered that it would be inappropriate for a non-military tribunal to deal with the question of the severity of sentence as the sentence is based primarily upon military considerations. Of course, there is the other opportunity of appeal from the severity of the sentence by the submission of a grievance which is forwarded to the minister or the governor in council.

Mr. Hellyer: Would the minister explain a little more about section 189 (2) of the act which relates to the appeal against the legality of the findings. It says that the appeal shall be referred by the judge advocate general to the court martial appeal court unless the appropriate chief of staff, acting on the certificate of the judge advocate general quashes such findings.

Mr. Pearkes: If on the recommendation of the judge advocate general the finding has been quashed, that ends the whole proceedings. There is no need for an appeal, then.

Mr. Hellyer: Then he does have, in effect, the power of veto.

Mr. Pearkes: He has the right to quash any finding, and then there is no appeal necessary. The case is finished.

Mr. Hellyer: That is the point I was trying to make. Then, there is no right of appeal.

[Mr. Pearkes.]

Mr. Pearkes: It is the same as if the man were acquitted.

The Deputy Chairman: Shall clause 6 carry?

Mr. Pearkes: May I make a brief statement before that clause is actually carried? I should like to make some reference to the work of the court martial appeal board before the clause passes.

Following its establishment in 1951, 762 courts martial have been held in the three services, and this has resulted in hearings by the board of 52 appeals. Of these, the board disallowed 29, ordered new trials in 14 cases and allowed six without ordering a new trial. The decisions are still pending on three appeals. It is evident from these figures, and also from the care taken in the preparation of its judgments, that the court martial appeal board has made a very substantial contribution toward ensuring that military justice is administered in a fair and impartial manner.

The members of the court martial appeal board are hon. Mr. Justice Cameron of the exchequer court, His Honour A. G. MacDougall, senior judge of the county court of Carleton, and the following members of the bar; Mr. Bernard M. Alexandor, Leonard W. Brockington, M. B. K. Gordon, George Addy, L. Plant, L. C. Audette and R. J. Orde. May I, on behalf of the government and the members of the armed forces, thank these gentlemen for the very fine work they have done. This work, and the experience the services have acquired in connection with appeal procedure, will facilitate greatly the establishment of a duly constituted court of appeal which this clause seeks to do.

Mr. Hellyer: Is the minister satisfied that this new procedure will expedite the hearing of these appeals?

Mr. Pearkes: Yes, that is one of the main reasons for introducing this amendment, in order to expedite the appeals. There has been, at times, a serious backlog owing to the volume of work that these gentlemen whom I have just mentioned had to carry out in addition to their ordinary legal business.

Mr. Benidickson: Has that backlog been analysed statistically? Is there any information on that?

Mr. Pearkes: I have just given the number of cases.

Mr. Benidickson: I mean the delays.

Mr. Pearkes: The delays have been in the main due to the pressure of other work, the

ordinary work connected with the legal businesses of these gentlemen who were named to the board.

Mr. Hellyer: Section 193 of the act, the bottom line, says that the court may disallow an appeal if there has been no substantial miscarriage of justice. Is that the same phraseology as there is at the present time?

Mr. Pearkes: I believe that is exactly the same phraseology.

Clause 6 agreed to.

On clause 7—*French name of R.C.A.F. changed.*

Mr. Chevrier: May I ask a question which I put to the minister at the resolution stage? I asked him a question with reference to the word "Royal". It may be that I was misunderstood or perhaps did not make myself clear, but the point is this: the name of the Royal Canadian Air Force is being translated now by the words Forces aériennes royales du Canada. My question is, why should the department not leave the translation that has been known over the years and which is Aviation royale du Canada. It is far simpler, and it is far more descriptive.

The word "forces" is a translation of the English word "forces" and certainly does not convey the same meaning as does Aviation royale du Canada. My submission to the minister is that perhaps it would be better if the translation which has been accepted over the years of the Royal Canadian Air Force name, Aviation royale du Canada, were to remain.

Mr. Pearkes: I have made inquiries into this matter since the hon. gentleman raised it during the discussion at the resolution stage. I am informed that the suggested name is preferable in the French language to any other change that might be made. Furthermore, it conforms to the title which is used in connection with the triservice college at St. Jean, Quebec. The official title of that establishment is Collège militaire royal de St-Jean.

The name Aviation royale du Canada, which has been suggested because it would appear to conform with the French names of the Royal Canadian Navy and the Royal Canadian Mounted Police which are Marine royale du Canada and Gendarmerie royale du Canada, is not appropriate because the word "aviation" relates to all flying activities and not specifically to military flying.

Mr. Chevrier: I certainly do not want to get into an argument with the minister over it. He has put on the record what his advice is, and I am not going to object. However, I would prefer the other translation which seems to me to be simpler and more in keeping with what we have been doing. I am sure the minister and his officials have given careful consideration to it, and I am willing to leave it at that.

Mr. Pearkes: I should only like to add that the title Forces aeriennes royales du Canada is a correct translation of Royal Canadian Air Force and conforms with the current European military usage. At supreme headquarters allied forces in Europe the phrase "Forces aeriennes" with the name of the country concerned is used when referring to the air force of all countries. The request for the change came from the air force personnel who are stationed in Europe. It is being introduced in order to conform with the practice followed by other European nations.

Mr. Chevrier: I have no doubt that it is a correct translation. However, as the minister knows, there is more than one correct translation of certain names. The question is as to which one is the more appropriate. I thought it was the one that I suggested. The minister thinks it is the other one, as do his officers. I am therefore not prepared to pursue the matter further.

Mr. Hellyer: Will the minister assure the committee that all existing stocks of stationery and the like will be used up before new stocks are ordered? Otherwise, this point should have been mentioned in the resolution.

Mr. Pearkes: I think that would be normal practice in the interest of the economy.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

ST. LAWRENCE SEAWAY AUTHORITY ACT

AMENDMENT TO INCREASE LIMIT ON AMOUNT TO BE BORROWED

Hon. George H. Hees (Minister of Transport) moved the second reading of Bill C-25, to amend the St. Lawrence Seaway Authority Act.

Mr. Frank Howard (Skeena): Mr. Speaker, I have just one or two brief comments to make on the second reading of this bill. At the resolution stage an ample amount of discussion was entered into by members on both sides of the house with respect to things which had taken place in the past on the construction of the seaway. From the hon. member for Carleton (Mr. Bell), the hon. member for Stormont (Mr. Campbell)

and the hon. member for Danforth (Mr. Small) we heard particular reference to the suggestion that there had been a great amount of inefficiency, mismanagement, miscalculation and general bungling, if I may put it in that way, with respect to the work which was done on the seaway during the past few years.

We in the C.C.F. do not desire to enter into these controversies or to raise the matters again. However, we want to ensure, as far as it is humanly possible to do so, that the expenditure of the additional amount of money being sought or asked for by this particular bill will be used to the greatest possible advantage in the work on the seaway and in such a fashion that charges of inefficiency, bungling, gross miscalculations and things of that nature may not be made in the future with respect to the work which will be done as a consequence of the provision of the additional amount of money being asked for. We think this objective can be achieved in a better fashion if the bill is referred to and is dealt with by one of the standing committees rather than in the committee of the whole. With this thought in mind, and wanting as we do to ensure that this money is spent to the greatest possible advantage of the people of Canada or the taxpayers and feeling that this assurance can be given to the greatest possible degree by referring the bill to a standing committee, I would therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this bill be not now read a second time, but that the subject matter thereof be referred to the standing committee on railways, canals and telegraph lines.

The Acting Speaker (Mr. Rea): Is the house ready for the question?

Mr. Chevrier: Mr. Speaker, may I speak not on the subject matter of the resolution but on the point of order. I suggest that if Mr. Speaker looks at the rules he will find that if this resolution carries, the bill is killed. My understanding of the rules of the house is that if a bill be not now read a second time but be referred to a committee in the language used by the hon. member for Skeena, the bill is automatically killed and does not go to the committee mentioned in the motion. I may be in error in that matter. I have not the rules before me. However, that is my recollection of that rule.

The Acting Speaker (Mr. Rea): That is for the house to decide but the motion is in order. Beauchesne's fourth edition, citation 386 reads as follows:

[Mr. Howard.]

On the second reading of a bill, the house may decide to refer the subject thereof to a commission although the bill could not be referred to a committee of the house before its second reading.

Is the house ready for the question?

Some hon. Members: The question.

The house divided on the amendment (Mr. Howard) which was negatived on the following division:

YEAS

Messrs:

Argue
Herridge
Howard
Martin (Timmins)
Peters
Regier
Winch—7.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Asselin
Badanai
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Belzile
Benidickson
Bigg
Bissonnette
Boivin
Boulanger
Bourget
Brassard (Chicoutimi)
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Campbell (Stormont)
Campeau
Cardin
Caron
Carter
Casselman, Mrs.
Cathers
Chambers
Charlton
Chevrier
Churchill
Comtois
Cooper
Creaghan
Crestohl
Crouse
Deschambault
Deschatelets
Diefenbaker
Dinsdale
Dorion
Drouin
Drysdale
Dubois
Dumas
Eudes
Fairclough, Mrs.
Fairfield
Fane
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fortin
Garland
Gour
Grafftey
Granger
Green
Grenier
Grills
Gundlock
Habel
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Harkness
Hees
Hellyer
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Houck
Howe
Johnson
Jones
Jorgenson
Keays
Kennedy
Kucherepa
Lahaye
Lambert
Leduc
Legere
Lennard
Letourneau
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
Macquarrie
MacRae
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor

McIlraith	Rea
McIntosh	Regnier
McLennan	Richard (Kamouraska)
McMillan	Richard (Ottawa East)
McPhillips	Richard (St. Maurice-Lafleche)
McWilliam	Roberge
Martel	Robichaud
Martin (Essex East)	Robinson
Martineau	Rogers
Martini	Rompre
Matthews	Rynard
Meunier	Skoreyko
Michaud	Slogan
Milligan	Small
Monteith (Perth)	Smallwood
Montgomery	Smith (Hastings-Frontenac)
More	Smith (Lincoln)
Morissette	Smith (Simcoe North)
Morris	Smith (Winnipeg North)
Morton	Speakman
Muir (Lisgar)	Spencer
Nasserden	Stanton
Nesbitt	Starr
Nielsen	Stefanson
Nixon	Stewart
Noble	Stinson
Nowlan	Tassé
Nugent	Taylor
O'Hurley	Thompson
O'Leary	Thrasher
Ormiston	Tremblay
Pallett	Tucker
Parizeau	Valade
Pascoe	Villeneuve
Payne	Vivian
Pearkes	Walker
Phillips	Webster
Pickersgill	Weichel
Pigeon	White
Pugh	Winkler
Racine	Wratten—190.
Rapp	
Ratelle	

Mr. Speaker: I declare the amendment lost. The question is on the main motion.

Motion agreed to and bill read the second time.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa,
February 25, 1959

Sir,

I have the honour to inform you that the Hon. Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency The Governor-General, will proceed to the Senate Chamber today, the 25th February, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,

Your obedient servant,

Guy Robillard
for Lionel Massey
Secretary to the Governor-General

66968-9—88½

ST. LAWRENCE SEAWAY AUTHORITY ACT

AMENDMENT TO INCREASE LIMIT ON AMOUNT TO BE BORROWED

Hon. George H. Hees (Minister of Transport) moved that the house go into committee to consider bill No. C-25 to amend the St. Lawrence Seaway Authority Act.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Clauses 1 and 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL HOUSING ACT

AMENDMENT INCREASING AGGREGATE AMOUNT AVAILABLE, ETC.

Hon. Howard C. Green (Minister of Public Works) moved the second reading of Bill No. C-28, to amend the National Housing Act, 1954.

He said: Mr. Speaker, when the resolution preceding this bill was under discussion I dealt with the situation at some length and it is not my purpose to repeat the explanations this afternoon. No doubt there will be questions asked when the bill is in the committee stage, and I shall try to go into the answers then in some detail.

Mr. J. R. Garland (Nipissing): Mr. Speaker, as the minister has said there was a full discussion of the general subject of housing on the resolution stage and it is not my intention to speak at any great length today.

An examination of Bill C-28 would indicate that it contains three broad principles: One, it enables Central Mortgage and Housing Corporation to buy and sell insured loans more readily than can now be done under the act; two, there is the removal of the deduction of two per cent which is provided in the National Housing Act as an incident in the "insurance settlement" and, three, there is the amendment to increase from $750 million to $1,000 million the amount which may be advanced out of the consolidated revenue fund to Central Mortgage and Housing Corporation. As we indicated at the resolution stage, the official opposition will support this legislation. Improved housing for our people has always stood high on the priority list of Liberal policy and Liberal action, and the record construction since the last war is ample proof.

Speaking directly to the bill, and in particular to the first principle that enables the Central Mortgage and Housing Corporation

to buy and sell insured loans more readily than is now possible, I believe every one welcomes this change. The mortgage, as an investment, has never enjoyed, at least in Canada, the same degree of popularity as the bond, for the obvious reason that it was both more difficult and more expensive to negotiate and consequently the mortgage as an investment has always been able to command a higher rate of interest than the bond. There are, of course, other reasons for the greater popularity of the bond as against the mortgage, namely that as far as the bond is concerned the only responsibility imposed on the holder is to clip his coupons from time to time, deposit them in the bank, which is not too arduous a task, and to present the bond for payment when it matures.

The mortgage, on the other hand, requires much more careful administration. The mortgagee, or someone on his behalf, must see that the debtor pays his taxes, keeps up his fire insurance and meets payments of principal and interest, to say nothing about maintaining the security itself.

The proposition contemplated in Bill No. C-28 is that Central Mortgage and Housing Corporation will have the authority to sell the insured loans and, provided that the administration of the loan remains with the corporation, any person can become a buyer of the mortgage. This will undoubtedly permit more investors to make use of the mortgage than has been the case up to the present, and it should be made well known that the buyer will not be faced with the necessity of undertaking the administration of the mortgage. Central Mortgage and Housing Corporation or any approved lender may undertake this task.

The Liberal party has always had in mind efforts to popularize the mortgage as an investment and it was for that reason that in our resolution on housing we came out in favour of measures to make it easier for Canadians to own their own homes by further increasing the supply of mortgage money, reducing the down payment and lengthening the term of the mortgage.

The proposed amendments undoubtedly will have the effect of increasing the supply of funds for investment and thereby increasing the number of lenders in this important field. I would point out that the smaller pension funds and estates and trusts are not always able to set up the machinery for the administration of a mortgage loan. The technique contemplated by the act does away with the necessity for administrative machinery, because Central Mortgage and Housing Corporation, or an approved lender, can undertake this function. Some remuneration will be payable but this cannot be an objection.

[Mr. Garland.]

At this point I should like to make the suggestion that some effort should be made to enable the small investor to participate in housing loans. There are many potential investors in this field and I am thinking particularly of a large group that have small amounts to invest. It would seem that some methods should be found to channel this type of investment into mortgage funds. Many investors with funds available varying from a few hundred dollars to a few thousand dollars have found it understandably difficult, indeed almost impossible, to buy a portion of a larger mortgage. In earlier days, several small investors would participate in a larger mortgage and while this is done to some extent today, it is no longer an important factor in the mortgage field.

Recently some consideration has been given to the formation of a company which would buy National Housing Act guaranteed mortgages from banks, life insurance companies and now probably from Central Mortgage and Housing Corporation itself. It is proposed that they would finance the purchase of those mortgages by selling bonds to individual as well as to corporate investors. Its main purpose is to clear some existing mortgages out of the portfolios of the big lenders and enable them to pour more money into the mortgage lending stream, and it would also in my opinion have the effect of tapping a brand new source of investment into the mortgage field, to which I referred a moment ago, namely the small investor. I am told that most banks and a few of the life insurance companies favour such a plan. I am wondering what attitude the government takes on this subject and I would hope that the minister would comment on this subject when he speaks later.

The second purpose of the bill deals with the so-called insurance settlement which at present provides that when the holder of an insured mortgage conveys title of his property to Central Mortgage and Housing Corporation, the corporation is to pay to the holder the aggregate amount owing for principal, borrower's charges, interest and so forth, plus an acquisition fee, but there is to be deducted two per cent of the principal and of the interest. The amendment contained in Bill No. C-28 eliminates the "less two per cent" feature, so that in future where a conveyance is made to the corporation the holder of the insured loan will receive the full amount of principal, interest and so forth without the two per cent deductions. This is indeed a new principle in that it provides 100 per cent insurance against loss with respect to insured loans. No doubt the minister will have considerable to say on this aspect of the legislation and he will

probably indicate that there are many foreign lenders who cannot make loans if they are exposed to a loss of a part of the principal and that, by increasing the coverage from 98 per cent to 100 per cent, additional funds will be made available for mortgage lending that would not otherwise be available. I think it is reasonable to say that the wisdom of extending this coverage must, for the present at least, be a matter of opinion. We will have to live with it before its true worth will be apparent.

Subclause 2 of clause 3 makes it clear that this change in coverage applies only to loans made after the coming into force of the proposed amendment. This would seem, therefore, to divide insured loans into two categories, those covered for 98 per cent and those covered for 100 per cent. I would hope that the establishment of this second class with 100 per cent coverage will not mean the cutting down of the amount lent on the security. Again, we can only be sure after the legislation has been in force. Lenders have always been conservative in their lending under the National Housing Act. One of the most persistent difficulties since the very beginning of the National Housing Act has been the tendency not to make a realistic valuation of the security. Lenders have consistently placed lower valuations on the land than the price currently paid and they have tended to value the buildings at less than their actual cost. Practically every borrower in Canada will bear out this contention. I will have more to say on this aspect later.

I can fully appreciate the desire for caution but there has always been a consistent tendency to be conservative. An examination of the statistics published by Central Mortgage and Housing Corporation shows that only rarely does the loan made reach the limit prescribed by the act. May I emphasize that this is not a new development. In my opinion it has always been one of the great weaknesses of national housing legislation, the unwillingness of the lender to take chances of any kind. An examination of the records will show that lenders have preferred to lend less than the act permitted rather than to go the full limit.

I would hope that the 100 per cent insurance will not have the effect of increasing the degree of caution that has prevailed up to the present time. On the other hand, the proposed change may well have the opposite effect and make lenders more generous. Without in any way opposing the change, may I suggest that this might well have been achieved without a change in the act if Central Mortgage and Housing Corporation would encourage lenders to make more realistic valuations of the security.

The third principle involved in the bill is the increase in the amount which may be advanced to Central Mortgage and Housing Corporation out of the consolidated revenue fund. This is a serious matter involving not only the $250 million by which we are increasing the fund in this legislation but also the purposes for which these funds may be used in the future. In this context we are considering not only the $250 million but the purposes for which $1 billion of public money may be used.

However, at the resolution stage we had an interesting discussion on housing and it is not my intention to speak at any length on this particular aspect. Certain aspects demand the attention of the government. Despite the large number of starts in 1958 the government's own figures prove that the current program is not meeting the housing needs of the lower half of the income scale. These are the people who should be benefiting from our housing legislation. I am sure the minister will agree with that.

Means must be found to narrow the gap between the amount of the loan and the cost of the dwelling. I think the whole story can be found in a table on page 16 of the report of the corporation. Taking the second quarter of 1958 we see that the average amount of loans was $11,609 against an average cost of dwellings of $14,985. In the third quarter of 1958 the average amount of loans was $11,545 and the average cost of dwellings was $14,937.

The same thing is true to a lesser extent in the small home loans category. I shall not detain the house to give those figures but there is the proof that this gap must be narrowed. I think that the government should try to narrow that gap rather than cheapen the construction of houses.

Means must be found to counteract the ever-rising cost of housing through the use of new materials and new technical know-how. The best brains in the construction industry should be enlisted for this purpose, and I think the government can show great leadership in this type of study and research.

The ever-rising cost of serviced land should receive the most serious attention by the government as this continues to be the most serious contributing factor to the ever-rising cost of housing.

There is another matter I should like to say a word about before I finish. I think the time has arrived when consideration should be given to the lengthening of the amortization period and I believe that consideration should be given at this time for several reasons. There is the obvious effect that it would have in making houses available to more people. In addition, in view of the

fact that better houses are being built and greater care is being taken of them the life expectancy, if I may use that term, of a house is much longer today than in the past.

Through the years the former administration showed interest in this subject, gave leadership and was able through the corporation to lengthen the amortization period. That, of course, was in earlier days, but as I say I think the time has come when another look should be taken at this aspect. It is not my intention to further delay the procedure of this legislation. I know that other members will undoubtedly have something to say respecting other features of the bill.

(Translation):

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I would not have taken part in this debate, had it not been for certain statements made in the house by the hon. member for St. Mary (Mr. Valade) on February 4 last, at the resolution stage.

The hon. member for St. Mary said at the time that housing credits had been frozen by the previous administration and then unfrozen by the Conservatives. Later on he added that the previous administration had neutralized those credits. Now, if I am not mistaken, when the act was first adopted in 1954, parliament voted $250 million and, in 1957, according to data given out in the Minister of Public Works' first report, $100 million had already been used, while the Central Mortgage and Housing Corporation still had $150 million on hand.

It is true that the present government did launch a new plan which the minister refers to as the "small home loan policy". He must be commended for this because it helped create jobs throughout the country.

The original purpose of the National Housing Act was to enable more Canadians to become home owners. And when the present government took over, the problem was still there and more homes still had to be provided. In fact the Minister of Public Works stated as much, as recorded on page 683 of the official record:

(Text):

At the time about $100 million had already been used, and in view of the rapidly diminishing number of houses then being started and of the great need for homes for Canadians of moderate income, and also to help the housebuilding industry and to provide employment, we decided to use the remaining $150 million then available primarily for the support of a new policy which we described as a small home loan policy.

[Mr. Garland.]

(Translation):

But, towards the end of the debate on the resolution, the minister shifts his ground and admits, or seems to admit, that the prime purpose of the government program now is to provide jobs. I quote a statement he made on February 20, 1959, as recorded on page 1243 of *Hansard.*

(Text):

The government went into the home financing field to such a large extent in the last two years for one reason, to provide employment. This was done deliberately as the very best means of creating jobs.

(Translation):

I am not at all blaming the present government or the Minister of Public Works for that statement because it is the truth, but before going on with my remarks I would like to examine the situation in the light of the statistics.

I have here the *Canadian Housing Statistics* published by the C.M.H.C. for the third quarter of 1958. If I refer to it, I find that as more public funds are being made available in the form of more C.M.H.C. loans, it seems that lending institutions are lending less. There is something odd about this and I think that the government and the C.M.H.C. should examine that aspect of the problem and find why less money is being loaned by individuals, by insurance companies, trust and loan companies and even banks, as more public funds are made available to the population.

According to table 17 of the statistical document I referred to a moment ago, in 1956 the insurance companies granted 21,756 loans for housing construction while the C.M.H.C. granted only 2,565 loans for the same period.

In 1957, insurance companies granted 8,905 loans while the C.M.H.C. granted 25,304; according to the report the situation is the same for the year 1958. In fact, whereas insurance companies—and not trust companies —granted loans for building of 1,762 houses during the first quarter, the Central Housing and Mortgage Corporation granted loans for 10,971 houses. For the second quarter, there is a discrepancy. At that time the picture changed, 6,371 loans being granted by insurance companies and only 5,157 by the C.M.H.C. But in the third quarter of 1958 conditions returned to normal, insurance companies granting 4,881 loans and the C.M.H.C. 11,112.

Mr. Speaker, there must be a reason why private investors, insurance companies, trust companies and even banks are cutting down on housing loans at the present time, particularly in the past year, while the C.M.H.C. is stepping up its lending policy.

I am quite pleased that the C.M.H.C. has put all this money in the hands of prospective home owners, but there seems to be a significant drop in investments, and I believe the Minister of Public Works and the government should consider the problem.

I shall now deal with another aspect of the matter Mr. Speaker, and again referring to the same statistical tables, I find that loans granted by insurance companies, trust companies, banks or even the C.M.H.C. are channelled mainly to the cities.

Table 9, page 10 of the same publication, shows in metropolitan constituencies, for the ten months ending in October 1957, a total of 51,933 houses were built, while for the ten months ending in October 1958, the total was 81,224.

In territories described as major urban areas, 8,794 houses were built during a 10 month period ending in October 1957, while 12,721 houses had been built during the corresponding period of 1958.

In all other areas, including those with a population of 5,000 and over, 41,470 houses were built during the 10-month period ending in October 1957, as compared to 46,824 during the same period of 1958.

If we add the figures for this same 10-month period ending in October 1958, namely 81,000 and 12,000, in round figures we get a total of 93,000 houses, or perhaps of 94,000 in actual figures in metropolitan and major urban areas, while, for the same period, we have a total of only 46,000 houses—again in round figures—for all other territories, including towns of 5,000 people and over, also including farming and non-farming rural areas.

Mr. Speaker, those figures show that twice as many houses are built in a limited number of cities or larger centres than in all the rest of the country. This constitutes a very important problem. A moment ago the hon. member for Nipissing (Mr. Garland) raised a very important point: why is it that money lending institutions, private lenders, insurance companies, trust companies and banks do not lend money for housing purposes in rural areas in smaller centres and even in centres of 5,000 people and over? I think the reason is that municipal assessment in cities and towns is too low and that lending institutions, as well as private lenders, do not lend money because the municipal assessment of houses in those centres is not based on a real assessment or on actual value. I submit that this point deserves consideration and I think that in those cases, especially where private lenders and lending institutions do not want to lend, the C.M.H.C. should take care of those who want to build houses for themselves in those towns.

It is obvious that from a municipal point of view—those things happen quite frequently—a piece of land may be assessed at $100 when in fact it is worth $600 or $700. The same goes for house assessment. In fact, it may be that a house built in a small municipality worth $8,000 to $9,000 is assessed at $1,000, $1,200 or $1,500.

This raises a problem for the C.M.H.C. I therefore feel it my duty to point out—because in most areas of the country, and I am not referring only to the province of Quebec—that country people are the ones who find it hardest to secure housing loans.

Those were, Mr. Speaker, the few remarks I wished to make in connection with this bill.

I repeat that the Minister of Public Works should be commended for the solicitude he has shown towards all Canadians who wish to build homes of their own under this bill, in using the money which parliament has put at the disposal of the C.M.H.C. In addition to providing jobs, this legislation will help people build homes of their own. And that is what had to be done in the circumstances. We, on this side of the house, who have introduced this housing program, will gladly support this measure both in principle and in practice.

(Text):

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rea in the Chair.

On clause 1—*Sale of loan.*

Mr. Green: Mr. Chairman, the speeches made by the hon. member for Nipissing and the hon. member for Megantic have been very helpful. We shall certainly keep their suggestions in mind. The latter hon. member mentioned that the banks and the lending institutions had been diminishing the amounts

put into mortgages on homes. That is not the actual situation. I have here the figures for the amounts lent during each of the years from 1954 to 1958 inclusive. In 1954 the approved lenders provided $433.4 million; in that year C.M.H.C. provided only $20.1 million. In 1955 the approved lenders lent $559 million and C.M.H.C. $16.3 million. In 1956 the approved lenders were down to $387.7 million and C.M.H.C. lent $19.4 million. In 1957 the approved lenders lent only $260.9 million—of course, in the latter part of that year our small home loans plan went into effect—and C.M.H.C. lent $233 million. But last year, 1958, approved lenders provided $512 million. While the amount was not as great as the amount in 1955, it was practically twice as much as they provided in 1957 and was a great deal higher than the amount they provided in 1956 and in 1954. Then in order to complete the picture may I say that C.M.H.C. last year advanced $375 million.

It would therefore be unfair to me to allow the impression to go out that the approved lenders had not been putting large sums of money into mortgages. I would point out that they did this last year in spite of the fact that the returns on various other types of investments were going up while the interest rate on mortgages—and certainly on N.H.A. mortgages—was held at six per cent. I have no doubt that these approved lenders obtained higher rates on their own mortgages which were not connected in any way with the National Housing Act. We have reason to believe that in the year 1959 they will put out approximately the same amount they advanced in 1958, and that will be a substantial amount of money.

Mr. Bourget: Will the minister permit a question? Is it not true that the banks are making their loans in the large centres particularly? Has the minister some figures on that point?

Mr. Green: I think it is a fact that many more loans have been made in the larger centres than in the smaller ones. This matter has been worrying officials of Central Mortgage and Housing Corporation and myself. The corporation is prepared to lend in the smaller centres, but throughout the policy is to be residual lenders or in other words to lend only where an applicant cannot get the money from one of the lending institutions.

Mr. Garland: I wonder whether the minister would mind my just commenting at this point. I think the point raised by the hon. member for Megantic was the percentage of money supplied through the normal lending institutions as against that supplied by Central Mortgage and Housing Corporation. I think the minister will agree that there is a marked difference between the figures for say, 1956, with $387 million supplied through the normal lending institutions and $19 million supplied by the corporation and those of last year with $512 million supplied by the lending institutions and $375 million by the corporation.

Mr. Green: Oh, yes; that is right. But I do not think we could expect the approved lenders to increase the amount they put into housing in anything like the same proportion that C.M.H.C. increased its loans. In effect, before the small home loans policy was adopted C.M.H.C. was not in the business of making direct loans except in small centres. Now they are in that business. Now we are lending everywhere, but on a residual basis. The picture has changed completely with the adoption of the small home loans policy.

Mr. Badanai: Can the minister tell the committee whether loans are available for applicants in small communities? I am speaking about villages with a population of a few hundred people. I am told that up to the present time people living in small villages —I mentioned this point previously—are unable to obtain these loans. I should like to get verification of that point because it is a question which concerns several localities in my constituency.

Mr. Green: No, Mr. Chairman; there is no policy against lending in the smaller centres. C.M.H.C. will lend in any centre, no matter what is the size of it. I think hon. members will agree that in these smaller centres there is not the same demand for new houses that there is in the larger ones. The great increase in population—unfortunately or fortunately—is taking place in the metropolitan areas. It is there, of course, that we find the huge demand for new housing. In the smaller centres life is going on much as it has gone on down through the years, and probably on a far more sensible basis than in the metropolitan areas. But in the smaller centres there is not the demand for new homes that we find in the metropolitan areas.

Mr. Herridge: I am very interested in that point because of the fact there are a number

of small places in my constituency. I am told, for instance, that several people in the village of Nakusp, which the minister knows very well—it is one of the most beautiful villages in Canada, where there is fire protection—have been unable to obtain loans from the C.M.H.C. This village is based on a sound economy, with thriving lumbering development over the years. It certainly has not the insecurity of a small mining village.

Mr. Green: Officials of C.M.H.C. inform me that there is no reason at all why loans could not have been obtained just as in any other small settlement.

Mr. Herridge: I am very glad to hear that.

Mr. Green: We will be glad to look into any cases where loans have been refused.

Mr. Bourget: I am sorry to interrupt the hon. minister, but may I also bring to notice the situation of shipyard workers in my own constituency. Very often they have been refused a loan. I do not know whether it was the insecurity of their jobs, but for one reason or another, even when we were on the other side, they were refused. I was wondering if this question could not be taken into consideration so that special attention could be given to their requests.

Mr. Green: Mr. Chairman, I believe the policy is to grant loans to any worthy borrower. In the case the hon. member for Levis has mentioned, there may have been some misunderstanding on the part of the applicants, or the officials who handled the applications may not have realized what is the policy of the corporation. I would be very glad to have any of these cases brought to my attention, because one of our main objectives is to give the benefit of the National Housing Act to people living in the smaller centres of Canada.

The hon. member for Nipissing raised several questions which have to do with making it more attractive for investors to invest money in mortgages, and I shall deal with that in my prepared speech. But before I get on to that I would point out that he said the amortization period should be lengthened and that the former government had lengthened it and I understood the implication to be that the present government had not done so. If he will remember, in our legislation of a year ago—

Mr. Garland: Mr. Chairman, if I may interrupt the hon. minister, I was not seeking to make that point at all. Perhaps it was due to a poor choice of language on my part, but what I sought to point out was that the government of the former day, through Central Mortgage and Housing Corporation, had shown a leadership which had been responsible for stretching out the amortization period. I thought I said that took place during an earlier period, but the time has now come when a further stretching out might be considered.

Mr. Green: Well, the present government has extended the period from 25 to 30 years. Mind you, the lending institutions make the decision as to how long the term should be for repayment, and I understand that in most cases they will not go beyond 25 years, but under the legislation they can do. The hon. member for Nipissing is aware that we changed the policy in December of 1957 to make a longer period for repayment possible.

One of the aims of these amendments is to make it more attractive to private investors to invest in mortgages. Some lenders whose powers of investment extend to securities guaranteed by the government of Canada have felt that National Housing Act insured loans did not fall into this category since the insurance fund guaranteed 98 and not 100 per cent of the face value of the mortgage. We believe that by eliminating the 2 per cent reduction the National Housing Act will permit trustees of pension funds, executors, trust companies and other private sources of investment to contribute to capital investment in housing. I agree with the hon. member for Nipissing that this change will have to be watched. He said it might react in the wrong way. We do not think it will, but we certainly will be watching the position, and if there needs to be a further change we will make it.

When a private investor decides on the form of his investment, he has to consider two elements, each depending in part on the other. He first looks to the return and security of his investment. Then he looks to his ability to trade or hold the investment. The 1954 act recognized the importance of liquidity of housing mortgages in encouraging investment in this field. The act permits the sale and purchase of insured loans, not only between approved lenders, but also to other corporate investors and to private individuals.

In the past few years a market in insured loans has grown up. Last year alone some $42 million insured loans were sold. Since the 1954 act was passed, mortgage transactions have amounted to nearly $172 million.

But until now the source of insured mortgages for sale has been limited by the act to approved lenders. A private investor wishing to buy an insured loan has only been able to get one if an approved lender was willing to sell. Experience has shown that some approved lenders have acquired their mortgage portfolios primarily for the purpose of holding them to maturity rather than selling them. This is true particularly of mortgage companies and insurance companies, but not of banks. Other approved lenders have sold mortgages, but only infrequently. So this government feels that more investors might be attracted to insured loans if there was a readily available market for them in which they might be bought and sold at frequent or regular intervals.

It also seems likely that the national growth, together with the accompanying development of Canadian investment sources, have created conditions which promise the establishment of a regular mortgage market. The existing and prospective portfolios both of the approved lenders and of C.M.H.C. itself have created a potential source of sellers. A source of buyers has been created in the development of substantial investment funds by pension funds, trade unions, loans associations and private individuals. Their investment in insured mortgages will augment those of the present approved lenders.

There is also the possibility that new institutions will come into being, institutions that will borrow money from the public, perhaps by debentures, and invest in insured mortgage loans. They would be able to buy mortgages from either the approved lenders or the corporations without having to build up a staff to make or administer loans. I believe this would permit small investors to contribute funds to the housing industry, which is something they have been unable to do in the past. The hon. member for Nipissing raised that point. In this way, the small investors would be able to play a more important role in upholding the general economy of the country.

Central Mortgage and Housing Corporation, because of its extensive direct lending operations during the last 18 months, is developing a substantial mortgage portfolio. These mortgages would be made available for sale to investors who are willing to invest in the housing field but who are unable to make loans themselves. One amendment we propose to the act will permit the C.M.H.C to sell its loans to such private investors. If the investor is not an approved lender equipped to administer the loan, the amendment will permit the corporation to administer the loan for the investor in the same way as if it had kept the loan in its own portfolio.

In short, this amendment to the act will give the corporation the same powers as the approved lenders have. If Canada develops a secondary mortgage market it seems likely that Central Mortgage and Housing Corporation may be required both to buy and sell mortgages as the need arises. Probably it would also assist in transferring mortgages from one type of lender to another should economic or other factors adversely affect fluidity within the mortgage market. For this reason we propose removing the $25 million limit on the corporation's power to purchase mortgages.

I will continue this explanation when the bill is under consideration.

The Deputy Chairman: The messenger has arrived from the other place. Shall I rise, report progress and ask leave to sit again?

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bill:

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

BUSINESS OF THE HOUSE

Mr. Chevrier: Pursuant to an understanding, I take it that tomorrow we shall discuss external affairs. Can the house leader indicate what the business will be on Friday?

Mr. Green: On Friday we shall take third reading of the bill to amend the Northwest Territories Act; then complete the amendments to the National Housing Act and then take the estimates of the Department of Citizenship and Immigration.

Mr. Speaker: By unanimous consent the house will proceed tomorrow with a one-day debate on external affairs?

Mr. Green: Yes, Your Honour. It is on a motion that the estimates of the department be referred to the standing committee on external affairs.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

UNPLACED WORK APPLICANTS, NEW BRUNSWICK

Question No. 148—**Mr. Robichaud:**

1. What is the number of unplaced applicants for each employment service office in New Brunswick, for the most recent date for which such data is available?

2. What is the comparative figure for similar date in 1957 and 1958?

Answer by: **Hon. Michael Starr (Minister of Labour):**

Unplaced applicants registered at offices of the unemployment insurance commission's national employment service in the province of New Brunswick at February 5, 1959, the latest date for which data are available, and for the corresponding dates in 1958 and 1957, are as follows.

Unplaced applicants registered in national employment service offices in New Brunswick

LO	5 Feb. 1959	6 Feb. 1958	7 Feb. 1957
Bathurst	6,962	7,188	5,884
Campbellton ...	2,783	3,568	2,548
Edmundston ...	2,892	3,513	2,417
Fredericton	2,530	2,834	2,063
Minto	709	1,071	656
Moncton	10,836	11,854	9,191
Newcastle	3,939	4,308	3,190
Saint John	3,142	3,831	2,546
St. Stephen	2,363	2,661	1,714
Sussex	740	865	691
Woodstock	2,014	2,351	1,179

It should be pointed out in connection with these figures that in 1959 certain fishery benefit claimants are excluded from the count of unplaced applicants. Such claimants were included in the 1958 counts. In order to render the 1958 figures comparable with those of 1959 (and also with those of 1957 when fishermen were not under unemployment insurance coverage) the number of fishing benefit claimants at February 6, 1958 for each local office has been estimated, and the 1958 figures reduced by these amounts.

DR. JACQUES ROUSSEAU

Question No. 151—**Mr. Argue:**

1. On what date was Dr. Jacques Rousseau examined by the civil service commission panel in connection with his application for the position as a director of the national museum of Canada?

2. What are the names of the persons who sat on this panel when examining Dr. Rousseau?

3. What position did each member of the panel who examined Dr. Rousseau hold at that time?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. July 20, 1956.

2. (a) R. G. Robertson, (b) Dr. W. Kaye Lamb, (c) J. E. McCannel.

3. (a) Deputy minister, Department of Northern Affairs and National Resources; (b) Dominion archivist and national librarian; (c) Personnel selection officer 7, civil service commission.

Mr. H. Hanmer, of the Canadian Legion, was in attendance as an observer.

HOUSE OF COMMONS

Thursday, February 26, 1959

The house met at 2.30 p.m.

HOUSE OF COMMONS

ORDERS FOR RETURNS—ORAL QUESTIONS—STATEMENT BY MR. SPEAKER

Mr. Speaker: Before calling the orders of the day may I be permitted a minute to deal with a matter which arose yesterday, and also to make a correction in yesterday's *Hansard*. At the foot of page 1367, the first column, I commented on the procedure in asking that written or starred questions be made orders for returns, and I think I incorrectly stated the effect of the rule—incidentally the rule is No. 39, clause 5—when I said:

It is so ordered, then, that this question be made an order for return. Consent of the house is not necessary.

The rule, as hon. members will see, says that the minister having expressed a willingness to lay a return upon the table, his statement shall, unless otherwise ordered by the house, be deemed an order of the house. I did not want the record to be erroneous in the conclusion as to the effect of rule 39.

Another point on the same rule was raised by the hon. member for Laurier, who suggested that a starred question could not be made an order for return under this rule. I find I was correct in rejecting that view. The authority for so doing is the report of the special committee appointed to consider with Mr. Speaker the procedure of the House of Commons. Their report, dated Tuesday, June 14, 1955, which was accepted by the house, states that clause 5 of rule 39 contains a consequential amendment in respect of questions, starred and unstarred, passed as orders for returns. This would clear up that point.

The other problem that arose was on the interpretation of our practice on oral questions. I think there is no part of our procedure about which it is more difficult to arrive at clear decisions which are not susceptible of argument one way or the other. I have set down my views of the practice very briefly, and I should like to give them to the house at this time.

The standing orders, rules 39, 40 and 41, provide only for written questions to be answered by the tabling of written answers or, if marked with an asterisk, to be answered orally on Wednesdays within the first hour or on other days after the last order of business. Other oral questions asked upon the calling of the orders of the day are sanctioned only by usage. The following principles have been applied to oral questions:

1. The question should seek information or press for action on a matter relating to public affairs of such immediate urgency that it would be inappropriate to put it on the order paper.

2. Both the question and the answer should be concise, factual and free of opinion and argument or observations which might lead to debate.

Some hon. Members: Oh, oh.

Mr. Speaker: That is a rule of procedure that is rather honoured in the breach on both sides.

3. An explanation can be sought regarding the intention of the government but not an explanation of opinion upon matters of policy. That is citation 178 of Beauchesne's fourth edition.

4. Other detailed limitations, some 40 in number, are set out in citation 171 of Beauchesne's fourth edition, which was cited yesterday, and apply to oral questions as well as to written questions.

5. Supplementary questions are matters of grace.

6. The minister is entitled to notice, and answers cannot be insisted on nor is it regular to comment on the refusal to answer an oral question.

I may say this principle relates to oral questions and perhaps not to questions on the order paper.

In effect, oral questions are a limited supplement to questions which may be put on the order paper, and are for the purpose of enabling members to get information on public affairs of urgent importance without delay and to bring such matters to the attention of the government.

I hope this resumé will be helpful to hon. members. In reviewing the questions that were asked yesterday I find that the question asked by the hon. member for Essex East was wrong in form because, as he put it originally, it only asked the Prime Minister to confirm a newspaper report. Then he himself made some modification of the question, and the hon. member for Trinity asked

the question in a different form which, in my view, was a proper question for the order paper if he had chosen to put it on the order paper. It also may be a proper question to be asked orally before the orders of the day, depending on the point of view about urgency. I said yesterday that we had just debated that matter, namely the matter to which this question obviously related, at some length on Monday and it did not appear to me to be urgent to find out, before the orders of the day, whether or not a certain communication on December 2, 1957 had been received. But that view was taken on the question of urgency. As I say, that is a matter of judgment. I might take a different view if the same question were asked today.

INDUSTRY

AIRCRAFT—REPORT BY AIR INDUSTRIES AND TRANSPORT ASSOCIATION OF CANADA

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Prime Minister if, on December 2, 1957 or thereabouts, he received a report presented to him by the Air Industries and Transport Association of Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I shall have to examine the records in order to see whether or not such a report was received, and then decide whether or not the information asked for by the hon. gentleman should be given.

A. V. ROE COMPANY

INQUIRY AS TO MEETINGS WITH UNION AND COMPANY OFFICIALS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to direct a question to the Prime Minister. Would the Prime Minister report any further progress in the negotiations with A. V. Roe Company? Would he say particularly whether it is hoped that 14,000 persons may be employed in this industry, and whether in the meantime the engineering and technical staffs will be kept together intact?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have nothing to add to the answers given yesterday and the day before. The discussions continued this morning and I hope there will be further discussions this afternoon. Until there is some degree of finality there is nothing I can add.

Hon. Paul Hellyer (Trinity): I would like to direct a question to the Prime Minister. Has the government in fact proposed to Avro that they should seek United Kingdom defence contracts in order to maintain their Canadian operations, as reported in the Toronto *Telegram*?

Mr. Diefenbaker: The answer I gave the hon. member for Assiniboia would seem to me to be appropriate at this time.

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question of the Prime Minister. Has the Prime Minister received a request from the premier of Ontario to complete seven of these Arrow airplanes?

Mr. Diefenbaker: Any communications which have been received have been in the nature of general discussions in furtherance of the consideration which is being given to this matter with the Avro company. It would be inappropriate to say anything further than that.

REQUEST FOR TABLING OF TELEGRAMS CANCELLING CONTRACTS

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I wish to direct a question to the Minister of Defence Production. I wonder if the minister would table copies of the telegrams sent to A. V. Roe and Orenda Engines Limited announcing the cancellation of the CF-105 and Iroquois contracts.

Some hon. Members: Order paper.

Hon. Raymond O'Hurley (Minister of Defence Production): Yes.

Mr. W. M. Benidickson (Kenora-Rainy River): A supplementary question. Would the minister tell us also to what extent the government indicated that it would contribute to the payment of severance pay, vacation allowances and other benefits under the union contract?

Mr. Speaker: I think the question which has just been asked by the hon. member for Kenora-Rainy River would be covered by the general answer given by the Prime Minister, namely that this is a matter which is under review between the government and the company.

COAL

NOVA SCOTIA—INQUIRY AS TO INCREASED SUBVENTIONS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Prime Minister. Has the Prime Minister received a request this week or in the last two days from the premier of Nova Scotia for a decision as soon as possible with respect to increased subventions on Nova Scotia coal? If so, is the Prime Minister

now in a position to say when such a decision will be taken, as the matter is of great urgency in view of further lay-offs contemplated in the coal mines of Cape Breton at an early date?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there have been continuing representations made by the premier of Nova Scotia since the occasion when he was among those in the delegation that met with me and other members of the government. The matter is still receiving consideration.

(Translation):

PUBLIC BUILDINGS

REQUEST FOR NAMES IN BOTH FRENCH AND ENGLISH

On the orders of the day:

Mr. J. O. Gour (Russell): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Will the hon. gentleman have bilingual name plates affixed to the present science service building on Carling avenue when the divisions of his department are regrouped at the end of March?

(Text):

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I am afraid the translation did not come through sufficiently well on my machine to know what the question was, so I will take it as notice and answer it tomorrow.

Mr. Gour: I will ask it in English. Will the minister order that bilingual signs be placed on the present science services building on Carling avenue when different divisions of his department will be regrouped?

Mr. Harkness: Mr. Speaker, I will take that as notice also.

(Translation):

EASTVIEW, ONT.—REQUEST FOR POST OFFICE BUILDING

On the orders of the day:

Mr. J. O. Gour (Russell): Mr. Speaker, I wish to direct a question to the Postmaster General. Would he care to say whether his department will soon start building a post office in Eastview, a prosperous town with a population of over 22,000? Having regard to the population in the surrounding districts, this post office could serve more than 50,000 people.

(Text):

Mr. Speaker: From time to time we have had questions from those who would like to have post offices in their constituencies, but I believe the hon. member will appreciate that if all 265 hon. members proceeded in the same way it would not work out very well. I think the question should go on the order paper.

NATIONAL CAPITAL PLAN

OTTAWA RIVER BRIDGE—STATEMENT BY CHAIRMAN OF COMMISSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on February 19 the hon. member for Hull directed a question to me in these words:

> When Major General Kennedy, chairman of the national capital commission, spoke about the bridge which is badly needed was he reflecting the policy of the present government?

The answer is that General Kennedy was voicing his own views. Those views were spoken at the final meeting of the federal district commission, which views were later reported by His Worship Mayor Moncion, who was also at that meeting. In brief, General Kennedy's view was and is that as far as the commission is concerned other projects should have higher priority than this new bridge. The government has not had occasion to consider this matter recently, and it would not necessarily have to be considered as a national capital project, since it is a bridge between one province and another. No decision on government policy in regard to this project has been taken, and when such a decision is taken it will be brought to the attention of the house in the usual way.

In the meantime I think it is well that the national capital commission should consider what interim arrangements can be made to improve the approaches to the existing interprovincial bridge. It appears that the bottlenecks for traffic at present arise from the approaches to the bridge on either side, rather than from the lack of capacity of the bridge itself.

DRUGS

VANCOUVER—REPORTED SALE OF HYPODERMIC OUTFITS FOR USE BY ADDICTS

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice. I regret I was not able to give him notice earlier today. I wonder if the minister's attention has been drawn to a Canadian Press dispatch indicating that Detective Alan Shepherd of the Vancouver police force gave in testimony at an inquest that certain druggists in Vancouver are selling specially prepared containers with hypodermics and so

on for use by drug addicts, and whether this would necessitate any remedial action if this is so?

Hon. E. D. Fulton (Minister of Justice): My attention has not been directed to that particular news report, but on the basis of what the hon. member says, this is something we should certainly study. I will see that the report is drawn to the attention of the officials of the R.C.M.P., and if there is anything further to report to this house, I will do so.

IMMIGRATION

ST. THOMAS, ONT.—EMPLOYMENT OF U.S. CITIZENS WITHOUT VISAS OR PASSPORTS

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, on Tuesday the hon. member for Assiniboia made inquiries with respect to five employees of the Allis Chalmers company in the plant at St. Thomas. The report has been investigated. These men were certainly there, five of them, but they were working on the dismantling of machinery and were in no way connected with production. I might say further that apparently they entered Canada on February 18. Two of them left on February 20 and a third left on February 24, the same day the hon. member put his question. None of them are now in the plant at St. Thomas, and this has been the situation for two or three days.

LIVESTOCK

RABIES—JOINT COMPENSATION FOR ANIMALS DESTROYED

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. In the light of a statement by Dr. C. D. Graham, deputy minister of agriculture in the Ontario government, as reported in the Toronto *Daily Star,* in which he suggested that the provincial and federal governments sponsor a joint program to provide compensation for animals lost through rabies, would the minister care to tell the house what position he has taken on this matter?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I made clear our position in this regard some ten days ago, I believe, in response to a question asked by the hon. member for Grey-Bruce when the supplementary estimates were being considered. At that time I said we would be prepared to consider very seriously any proposition advanced by the provinces for a sharing of the cost of compensation for animals lost through rabies on the part of the municipalities, the provinces and the dominion government.

TRADE

COMMUNIST CHINA—STATEMENT AS TO ACTION TAKEN BY GOVERNMENT

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Assiniboia asked me to comment on a report in the Toronto *Telegram* attributed to an official of Atomic Energy of Canada Limited to the effect that China is interested in increasing trade with Canada.

I have now had an opportunity to review the newspaper article to which the hon. member referred, and I can confirm that the commercial products division of Atomic Energy of Canada Limited recently concluded a sale of two cobalt 60 beam therapy units for cancer treatment to the China National Import-Export Company. The transaction is worth some $100,000.

This cancer therapy equipment falls, of course, within the area of permissible trade with China, and I understand that the Chinese authorities are well satisfied with Atomic Energy's beam therapy unit. The corporation and our trade commissioner in Hong Kong, who is responsible for the promotion of our trading interests with China, are endeavouring to develop repeat sales.

The hon. member also asked me if I was in a position to say what further steps are being taken to increase our trade with China. Our trade commissioner in Hong Kong informs us that an increasing number of Canadian exporters are visiting China for consultations with representatives of these trading corporations. The trade commissioner is facilitating these contacts by providing introductions and guidance to our businessmen. I am hopeful that our trade with China can develop along sound lines now that these useful working relationships have been set up by the Department of Trade and Commerce.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I thank the minister for his comprehensive answer. I wish now to ask him a supplementary question, and if the minister does not have the information at hand perhaps he could give it to me at a later time. Can the minister say whether China has accepted the offer of the Canadian wheat board to send to China experts to train the Chinese in how to use Canada's excellent high protein wheat as a mix with their own?

Mr. Churchill: Mr. Speaker, I shall have to take that as notice and have an answer prepared for the hon. member as early as possible.

INQUIRY FOR RETURN

AIR LINE REFUELLING STOP, FROBISHER BAY

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I should like to direct a question to the Minister of Transport. Is the minister in a position to advise us when he expects to table the information that he agreed to table on February 9, concerning refuelling at Frobisher Bay?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I shall check into the matter and let the hon. member have the information as soon as possible.

LABOUR CONDITIONS

ONTARIO—INQUIRY AS TO EXTENSION OF WINTER WORK PROGRAM

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I wish to direct a question to the Minister of Labour. Has the minister received a request from Premier Frost of Ontario that the special winter work program be extended for two months?

Hon. Michael Starr (Minister of Labour): No, I have not, Mr. Speaker.

POST OFFICE DEPARTMENT

VICTORIAVILLE, QUE.—REQUEST FOR ADDITIONAL SUPPLIES OF COMMEMORATIVE STAMP

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to ask a question of the Postmaster General. Would the minister tell the house on what basis his department made the allocation of the stamp commemorating the 50th anniversary of the first powered flight in the British Empire? Victoriaville has a population of 17,500 inhabitants and has received only 10,000 stamps. The residents are anxious to get more.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I am not sure whether I heard the question in its entirety. We have 12,000 post offices in Canada, and unfortunately I cannot carry with me at all times the exact allocation of special stamps for each one of those post offices. If that is the answer for which the hon. member is looking that is as far as I can go at the moment, Mr. Speaker.

[*Later:*]

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I should like to ask the Postmaster General a supplementary question. Will he tell us whether he will take as notice the question just asked by the hon. member for Drummond-Arthabaska, as I am also interested in this matter?

Mr. Hamilton (Notre Dame de Grace): Certainly, Mr. Speaker.

COMBINES INVESTIGATION ACT

AMMUNITION—INQUIRY AS TO ACTION ON REPORT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Justice. Has the minister received a report from the restrictive trade practices commission saying that Canadian Industries Limited has a restrictive hold on the wholesale distribution of ammunition in Canada? Can the minister say what action, if any, the government is considering taking so that ammunition is made available to all retailers in Canada, or whether the government intends to follow the suggestion that outside sources be made available to Canadian retailers?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the report of the restrictive trade practices commission was received by me on February 3. It has now been made public in accordance with the terms of the act. I am studying the report at the present time with a view to making recommendations to my colleagues and I am therefore, of course, not in a position at the moment to say what action will be taken by the government in respect of the report.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Sidney E. Smith (Secretary of State for External Affairs) moved:

That items numbered 76 to 105 inclusive, as listed in the main estimates 1959-1960, relating to the Department of External Affairs, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

He said: Mr. Speaker, I welcome this opportunity to support the motion standing in my name in order to place before the house the views of the government with respect to several matters that concern Canada directly at this time.

Before I proceed to do so, however, I should like to express in a personal vein, indeed in an official vein, my gratitude for the hospitality that was extended to me in Brazil when I paid an official visit of two week's duration to that country last November, and also for the hospitality accorded to me in Mexico where I had the honour last December 1 to represent Canada at the installation of the new president, Lopez Mateos. From discussions with leaders in those two countries I learned much, and I saw at close hand the dynamic growth not only of these two countries but of Latin America as a whole. I returned to Canada convinced that through ease of communication, through trade and by virtue of common interests our relations with Latin America can and must grow.

Following the practice I have adopted in the past I will not engage in a global survey this afternoon but will attempt to explain, as I said a few moments ago, the government's attitude on a number of specific issues.

I was about to say, and perhaps I should say that the most important and urgent of the problems facing Canada and her NATO allies lies in the field of east-west relations. I approach this subject gravely but not despondently. When I presented my estimates, in July of last year, I believe, I spoke of the need to maintain our defences and at the same time to endeavour to make some advance in establishing mutual trust and confidence and in coming to some understanding with the Soviet union. The communist leaders, as we all know, have professed their desire to promote the objectives of easing tension and of a reduction of the cold war. These professions, however, are certainly difficult to reconcile with the demands made by the Soviet government on November 27, 1958 when it abruptly declared that existing agreements on Berlin were null and void.

Whatever the basic Russian objectives may have been, I am bound to observe that these tactics do not convey an image of a state bent on a lessening of international tension. On the contrary, the Soviet union deliberately chose to create a crisis where none had recently existed, and thereby to plunge the whole world into a new period of deep anxiety that will not abate until there is some sort of meeting of minds in negotiation between east and west and some agreement has been reached on the German question.

The Berlin situation was the critical issue before the NATO council meeting held in Paris last December. I, along with my colleagues the Ministers of Finance, Defence and Defence Production, had the honour to represent Canada at that meeting. Members will recall that before the formal meeting of the NATO council began on December 16 there was a meeting on Sunday, December 14 at which were present representatives of the three occupying powers from the west, the United Kingdom, the United States and France. At that meeting, held, as I said a moment ago, prior to the meeting of the council, there were also present representatives of West Germany. Willie Brandt, who honoured this country by a visit recently, also attended that meeting in his capacity as mayor of West Berlin. Out of that meeting of the three occupying powers and West Germany came a statement in which they publicly rejected the Soviet proposals and reaffirmed their determination to maintain their position and rights in the city, including the right of free access to Berlin.

When this issue came before the NATO council the Canadian delegation took an active part—I say without immodesty that we did take an active part—in pressing for a full discussion of the Berlin situation in the council with emphasis on maintaining an appropriate blend of firmness in the face of threats, and constant readiness to examine serious Soviet proposals. The position adopted by the council two days later was entirely consonant with the Canadian position. The council, in associating itself with the position taken by the four western powers, adopted the view that the Berlin question could be satisfactorily settled only in the context of a consideration of the problem of Germany as a whole. The council referred to the notes that had been sent by the western powers to the U.S.S.R., in which they offered to negotiate on the situation with respect to Germany as a whole. That offer was reaffirmed in the communiqué issued at the termination of the NATO council meeting. Then, coupled with the consideration of the problem of Germany as a whole, they indicated their urgent willingness and desire to have discussions on the related issues of European security and disarmament.

In addition to supporting the position taken by the western occupying powers, members of the council—and I refer you to the communiqué I have mentioned—reiterated the stand of the occupying powers that NATO is a defensive organization. They also said, Mr. Speaker, that in respect of Berlin they desired to leave no doubt as to the determination of the alliance to stand fast and to employ its defensive capacity in the event of aggression against Berlin or any interference with the arrangements that had been

duly entered into between the occupying powers and the U.S.S.R. in a series of meetings culminating in 1949.

In giving this undertaking in respect of Berlin, neither the council nor its individual members was assuming obligations that were new. Indeed, the NATO partners have been bound in respect of the defence of Berlin since October 22, 1954. This obligation was undertaken by the NATO council on the occasion of West Germany joining the North Atlantic Treaty Organization, when all the other members of the alliance formally associated themselves with the provisions declared earlier, in the month of October, 1954 that the three occupying powers would remain in Berlin so long as their responsibilities so required. The text of the obligation assumed by Canada, as a member of NATO, is, and I quote:

> —to treat any attack against Berlin from any quarter as an attack upon their forces and themselves.

Members of the house, Mr. Speaker, may recall that on December 31—that was after the termination of the meeting of the NATO council—the United States, the United Kingdom and France sent replies to the new note of November 27, 1958. In these notes, which had been discussed in the NATO council, the three occupying powers reaffirmed their right to be in Berlin, and they condemned the Soviet union's unilateral denunciation of the agreements relating to Berlin to which I have referred. In these notes of December 31, 1958 the occupying powers stated that they could not accept the repudiation by the Soviet union of these obligations in this way, and that they could not consider proposals which would jeopardize the freedom of the West Berlin population.

Speaking in geographical terms, Mr. Speaker, I may say that here is a community, West Berlin, of 2.5 million people which is 110 miles east of the West German border. This little island is isolated in the midst of Soviet controlled territory, East Germany. I must say that Canada's view is, and I state this very firmly, that we will not countenance the swallowing up or absorption of 2.5 million of our friends in West Berlin into the Soviet complex which surrounds the city of Berlin.

In the notes of December 31 the United Kingdom, the United States and France also said they would not jeopardize in any way, by negotiation or otherwise, the West Berlin population. Then again in these notes there was a reiteration of the offer which had been made over several years and which was restated and made manifest in the communique issued after the NATO meeting in December, to negotiate the question of Berlin in relation to the whole German situation as well as in relation to the problem of European security.

Subsequent events, Mr. Speaker, have tended to confirm the wisdom of the firm but flexible position that was taken in these notes and in the meetings of the NATO council. On January 10 of this year the Soviet union sent notes to all the powers on the western side which had fought against Germany in the second world war. I have reported to the house on that note, and indeed I have tabled it here, accompanied as it was by a draft peace treaty relating to the whole of Germany.

In that note it was suggested that there should be held a conference of the representatives of these countries—28, I think there are—on the western and eastern side which had fought against Germany. The conference would discuss this draft peace treaty. In that note there was, in tone if not in content, the idea that the U.S.S.R. would be ready to consider the problem of Berlin in relation to Germany as a whole. Recent public statements—perhaps we can take some comfort from them—by U.S.S.R. leaders, indicate that they do not regard the note of November 27, 1958, to the three occupying powers in Berlin as an ultimatum.

I tabled in this house on February 17 the Canadian reply to the Soviet note of January 10. Briefly, as I stated at the time, our position is this. It would not be useful to have a large peace treaty conference until some aspects of the German question have been examined by representatives of the four states, the United States, the United Kingdom, France and the U.S.S.R., those countries that have a special responsibility in Berlin. The Canadian reply did not, and I do not now, try to lay down a blueprint for the solution of the German problem. There will be general agreement, however—I hope there will be; I will put it that way—that this is not the time for Canada or any other NATO country which has been a party to the preliminary discussion of this problem of Berlin in relation to Germany as a whole and also in relation to European security, to put forward proposals in public. However, I assert and affirm that this is no time for anything other than positive policies. We should not, in the days and months ahead—and they may be critical ones—refuse to consider any proposal that is put forward by any country in the west, or any proposals that may be put forward by the Soviet union.

Among the types of proposals which could be considered—and I am not going to give a long list; I am going to give a partial list—are those which envisage some form of mutual

limitation on nuclear weapons, and by that I mean a mutual limitation under supervision. There also might be considered agreed arrangements for gradual and mutual armed force reductions and comprehensive security guarantees for the countries of both eastern and western Europe. This is not to say, of course, when I give this partial catalogue, that Canada has taken a firm position or a fixed position on any specific measure as yet. They could be considered as general objectives. I would hope that these and others would be considered at a ministerial meeting of some NATO powers or the occupying NATO powers to be held about the middle of March. I repeat, and I say it seriously, that we should not have a negative approach, but at the same time we should have clear objectives in respect to a settlement of these topics to which I have referred. Every proposal, however, must be considered in the light of certain aims and objectives which are basic to western interests. Among these I mention again the freedom of the two and a half million people in Berlin. We cannot compromise their situation. We must look toward attaining, with safeguards, and with some advances in terms of European security, the restoration of a free Germany in a free and untrammelled Europe. No proposal, Mr. Speaker, should be accepted which would have the effect of changing the balance of military security to the disadvantage of the west.

At this part of my contribution to this debate I must say quite frankly that it is distressing that John Foster Dulles, the United States secretary of state, should have been stricken by illness. All members of the house will join with me in wishing for him a speedy and complete recovery. I salute him as a man who has devoted his public career, in that high office of secretary of state of the United States, to the pursuit of an honourable agreement between the east and the west. I express my own admiration of his qualities of fortitude and courage. I can report to the house, Mr. Speaker, that his recent visit to London, Paris and Bonn, just before he was taken to hospital, helped materially in coordinating the western views, in identifying basic western interests to be protected, and in making clear the objectives to be pursued in any negotiations with the Soviet union.

Having mentioned Mr. Dulles and it is not by way of formality but out of the depth of sincerity that I must say that we applaud the current visit of Mr. Macmillan, the prime minister of the United Kingdom, to the Soviet union. It might appear that he has had something of a mixed reception, but for us his visit could be a most significant development, providing as it does a timely opportunity for Mr. Macmillan to make it clear to the Soviet leaders that the western countries are genuinely interested in a search for common ground but that they do not intend to be intimidated by the belligerence which often characterizes statements coming from the U.S.S.R.

Prime Minister Macmillan has made it clear in the United Kingdom and to his NATO allies that he is not in Russia for the purpose of negotiating, but that he is there rather to exchange views and to work toward a better understanding on both sides of opposing points of view. I am sure all members of the house are confident of his ability to do that and perhaps more. He carries with him today our best wishes for the success of his visit.

That sense of well-wishing, for me anyway, has been intensified recently—indeed on February 24—by reason of a speech made by Mr. Khrushchev to a political gathering in the Kremlin. I have studied the press reports of the speech, and that is all I have at the moment. I have studied them carefully and at least I can say this. I recognize in that speech the standard Soviet position on questions relating to Germany and Berlin. Although this speech may be discouraging—and I do not think I am running the risk of being Pollyanna-ish—I still want to see what will be the formal reply by the U.S.S.R. to the notes that were recently sent to Moscow. I am thinking of the series of notes which I identify by the date of our own note, namely February 17. I think the western powers should be guided more by whatever the tenor of that formal response may be than by the remarks made by Mr. Khrushchev at a political gathering.

As the western powers approach—and I say this very definitely—what could be a fateful new effort at negotiation with the Soviet union, it is opportune to look at other fields of endeavour where we have been negotiating with the U.S.S.R. on important matters. I speak of the two conferences. One was to have started last autumn in Geneva. One of the conferences had to do with the cessation of nuclear tests; the other had to do with setting up some machinery or technique against surprise attack.

For a moment let us look at the question of the cessation of nuclear tests. That is an objective for which the whole of mankind must pray. The disarmament commission and under it the disarmament sub-committee, which was set up by the United Nations really came to an end at the end of 1957. The Soviet leaders said they would not participate in any further discussions in the disarmament

commission or in its sub-committee. So there came about direct negotiations between the United States, the United Kingdom, and the U.S.S.R. with respect to the cessation of nuclear tests.

Last July and August Canada participated in a meeting of experts held in Geneva to study this whole question of the identification and detection of nuclear tests. Canada had a strong team at that meeting. Indeed, it may be a sad commentary that the scientists could agree where the diplomats and the politicians could not agree. But the fact is that out of that conference of experts there came a unanimously adopted report on effective methods for the detection of nuclear testing.

Then on October 31, 1958 there was assembled in Geneva a group of men, at the non-technical level, to draft a treaty which would provide for the cessation of nuclear tests, and would also provide for the machinery whereby that treaty could be fully implemented. We were rather encouraged about a month ago that progress in that conference had been made to the extent that four articles of that treaty had been agreed upon and settled. However, we realized that many complex questions were still to be settled. The question with respect to the composition—that is, the nationality—of personnel in control stations, and the composition of personnel in mobile units had to be decided, and above all the methods of procedure which would be provided in the treaty for the organization—the control commission, or whatever it might be called—whereby they would conduct their business.

Sir, without going into any of the details I am bound to report that the old question of veto arose again in those discussions. The U.S.S.R. wanted, and want at the moment, to have a veto with respect to certain inspections that might be proposed in that country. Mr. Khrushchev in his recent statement of February 24 said they were not going to have spies and intelligence officers from the west discovering what is their military strength and potential. Well, Mr. Speaker, I am bound to observe this, that any machinery set up under a treaty for the cessation of nuclear tests which does not provide for inspection and control would be misleading and deceptive, and dangerous to the west.

Then I must observe, despite some foreshadowing of an adjournment of those talks which is to be found in the press only this morning, that we do hope and pray that that question of machinery for detection, and so forth, may be satisfactorily settled. As I said a moment ago, and I repeat, mankind everywhere, I am sure, must pray for at least one step to be taken toward cessation of nuclear testing; and from that step let us pray that it will be continued into other parts of the galaxy of nuclear arms.

With respect to surprise attack the story is less comforting, indeed. Last summer Canada contributed to the panel from the west at a meeting in Geneva for the study by experts, as in the other case for the cessation of nuclear tests, of methods whereby surprise attacks might be identified or anticipated. This concerned a larger group: Canada, France, Italy, the United Kingdom and the United States on the western side; from the Soviet bloc the U.S.S.R. Czechoslovakia, Poland, Roumania and Albania. They began their deliberations on November 10 of last year, and just before Christmas they adjourned, it might appear sine die but this was not so stated.

There was a conflict. The proposal really came out of an exchange of notes last winter with respect to the holding of a summit conference. In one of those notes Mr. Eisenhower, the President of the United States, proposed there should be such a conference with respect to surprise attacks; and to us it seemed abundantly clear that what the President of the United States of America was suggesting was the holding of a conference of experts. But when those representatives from the five countries of the west met with the Soviet side, they realized that what had appeared to us to be consent on the part of the U.S.S.R. to a discussion at the expert level turned out to be an intention to discuss political matters, such as bases and so on, and the minds of the two sides did not meet. We are now in consultation with other representatives of the west who participated in the conference of last November and December to the end that we might review the scope of the agenda and the possibility of a resumption of the conference.

There is another matter relating to negotiations and dealings with the U.S.S.R., and that has to do with outer space. The year 1958 was a most significant year in the exploration of outer space, in connection with the international geophysical year. I must pay tribute to the participation of Soviet scientists in the successes of that year. That was not on the government level but was an association of scientists throughout the world. Just let us reflect for a moment. In the recent period, or in 1958 to centre on that year, there have been launched objects which have overcome, most astonishingly, gravitational forces; objects or vehicles which can circumnavigate the moon and which can circle the globe in a few minutes or so. And now a vehicle has been placed in orbit about the sun.

I must interpolate here that it is an awesome thought that vehicles can be launched and within a few moments go thousands of miles with an aim that is remarkably accurate. This in itself is a challenge to the statesmanship of the world. At the same time there is an equal challenge to statesmen throughout the world, and that is outer space. It seems presumptuous for us to be talking about outer space, but its use is coming within man's grasp. We should not translate to outer space the national rivalries to be found on this globe.

Last autumn the United Nations established a committee for the study of the control and use of outer space, and Canada was happy to be appointed to that committee. The U.S.S.R. has refused to attend any meetings of that committee, of which it is also a member. They complain about the composition of the committee. They complain that they did not receive parity in the selection of the committee. That is most regrettable, and efforts are being made within the United Nations, under the umbrella of which this outer space committee has been established, to break this deadlock.

I have been talking about the European scene. I said in this house last August with some confidence that the tenseness of the Middle East situation had somewhat abated, and I stated that in that pause there was some ground for gratification. Since then from the Middle East the pendulum has swung to the Far East and now it has come back to Europe, which has been in a period of relative quiescence in recent years.

I have one item to report with respect to the European scene which will bring satisfaction. I announce that it is the intention of the government to present a resolution to the house for approval, and I expect this resolution will be welcomed by all hon. members. The government will request parliament to adopt a resolution approving the accession by Canada to the Austrian state treaty of 1955. This is the treaty which terminated a 10-year occupation of Austria, and it marked the re-emergence of Austria as a free and independent nation. The treaty was negotiated between Austria and the four occupying powers at that time, the United States, United Kingdom, France and the U.S.S.R. Under the treaty of 1955 provision was made for the accession of any country which had fought against Nazi Germany. Accession by Canada, I can assure the house, will not increase our rights, neither will it increase the responsibility which we have undertaken under the charter of the United Nations.

Canada's accession, when it takes place, will be at the request of the Austrian government, and it is an action which we take willingly as a mark of friendship and sympathy for a country whose achievements we admire. In particular we take this action as a gesture of gratitude to Austria for the humane welcome given to Hungarian refugees during the tragic events in Hungary in 1956. We are indeed pleased to learn that a sister nation of the commonwealth, New Zealand, is also planning to exercise the right to accede to the treaty.

Turning now from the European scene, it is perhaps appropriate that I should deal briefly with an area to which I referred a few moments ago, namely the Middle East. When I reported at length on my return from the special emergency session of the United Nations at which the Middle East situation was considered, I told this house of a resolution passed by the general assembly under which the secretary general was given power to see what he could do in the name of United Nations to meet the difficulties which existed at that time. Developments since then warrant my saying that we can look upon the situation at the moment with cautious satisfaction, and a great deal of credit for this is due to the secretary general, Mr. Hammarskjöld, who carried out so very successfully the task of undertaking the "practical arrangements", to use the words contained in the resolution.

It has been possible, under that resolution and through the activities of the secretary general, for the United States and the United Kingdom to withdraw their troops from Jordan and Lebanon respectively. That was done by November with the consent of all the powers concerned. The improved situation in Lebanon has enabled the secretary general to return to their national homes the units which made up UNOGIL.

On the other hand, on the Arab-Israeli front, there have been most regrettable incidents which indicate a certain amount of unrest between those two countries, and I am thinking not of the UNEF front but more particularly of the boundary between the region of the United Arab Republic and Israel. Nevertheless I think we can be reasonably confident that if Canada and other countries give continued support to the United Nations activities, and if there is shown a continued willingness on the part of all concerned to resort to United Nations machinery, no general deterioration should ensue.

The moderately encouraging developments to which I have referred have given us an opportunity to take stock and do some careful thinking about what should be our future attitude to events in the region as a whole. I am thinking of Canada in this context. We must, of course, realize that the relationship of the Middle East countries to one another

and to the outside world is undergoing a very rapid transformation. The trends of thinking which we loosely describe as nationalism and neutralism are spreading widely and rapidly. In these countries these trends are there to stay.

No country could resist an evolving nationalism any more than Canada could. We must recognize these forces, which animate the leaders of the present in that particular area. These powerful tendencies may not always manifest themselves in a way that we would welcome, but we must accept the fact that they will continue to animate the new leaders who have arisen, and will therefore inevitably dominate the Middle East scene for some time to come. We cannot, of course, oppose this evolutionary process of change but there is an international responsibility to see that if change comes, it comes peacefully, with the consent of those concerned and without menace to the security of others.

Yet if we are justified, as I am sure we are, in our efforts to ensure that change is peaceful, we must recognize for our part that one of the chief causes of instability in the area as a whole has been a profound lack of confidence of each country in its neighbours, and a mutual lack of confidence between the countries of the area and those lying outside of it. Western countries may be able to help in establishing a basis on which that confidence can grow, though this will require restraint, patience, impartiality and a willingness to approach the countries of the area on a footing of equality and respect. It may be that, as in other areas, the United Nations can offer the best medium through which adjustment to the new order of relationships can take place; for this adjustment must be accomplished without sacrifice of principle and without too close involvement in the regional tensions which political, economic and social forces still at work in the area are bound to engender.

Canada's own policy continues, as in the past, to be one of firm support of United Nations institutions in the area. We were, for example, one of the main contributors to UNOGIL—that is, the United Nations observation group in Lebanon—and Canadian officers continue to serve with the United Nations truce supervision organization in Palestine. Support for Palestine relief and rehabilitation is also to be maintained this year, subject to parliamentary approval, at our annual rate of $500,000. Finally, we can derive great satisfaction from the contribution that Canada continues to make to the United Nations emergency force in the form of a large Canadian contingent. It is, I think, a remarkable tribute to the success of this unique United Nations peace-keeping activity that the secretary general was able to refer in his 1958 report on UNEF's activities to the "virtually unbroken quiet" which had prevailed "along the entire line between Egypt and Israel" during the period covered by the report.

Mention of the secretary general prompts me to pay once again the highest tribute to the selfless and tireless personal contribution that Dag Hammarskjold has made to the cause of peace throughout the world, and nowhere more successfully than in the Middle East.

This brings me, Mr. Speaker, to some brief comments on the last regular session of the United Nations general assembly, at which I had the honour to head the Canadian delegation. As there are many important matters to be considered during today's debate, I shall confine myself to one or two items and impressions of special concern to Canada.

Having just referred to UNEF, it is appropriate that I report at this point on the related question of a United Nations stand-by force. Hon. members may be aware that at the 13th session of the general assembly the secretary general presented a summary study of the operation of UNEF, out of which he drew a number of observations and principles for consideration as a guide to future United Nations action in preserving peace through its own instrumentalities. The secretary general's conclusions reflected the tenor of the discussions concerning a United Nations peace force at both the special emergency session of the assembly in August, 1958 and at the 13th regular session in September, 1958.

In these discussions attention shifted from the possibility previously considered of establishing a permanent stand-by force as such, or earmarking national units for service with such a force; rather it was directed toward, first, the desirability of developing arrangements and planning procedures which would enable the United Nations to meet swiftly a wide variety of possible situations and, second, the need for agreement on a set of basic principles to govern the operation of whatever United Nations instrumentality might be created. In supporting this approach, the need for flexibility in the planning of stand-by arrangements was particularly emphasized by the Canadian delegation at both sessions.

In the course of the meetings of the external affairs committee last summer, I had occasion to review the history of attempts to establish an effective United Nations stand-by peace force. Opposition has been based on

many grounds and the problems and difficulties have been legion. They relate primarily to the concern with which a number of countries regard the implications of such a force for their national sovereignty. Others have been reluctant to contemplate the financial burden which the support of a permanent force would entail. Still others have been dubious of the feasibility of creating a permanent force capable of meeting the various and unpredictable situations that could possibly arise. These are legitimate apprehensions and practical problems which may prove difficult to dispel and resolve completely.

It is my impression that although there was apparent a new note of concern in the approach of a large number of nations toward the concept of an armed stand-by peace force, awareness continues to grow amongst the United Nations membership, despite the opposition of the Soviet bloc, of the overriding need for machinery of some sort to permit quick and effective United Nations action to prevent the development of conditions which could result in armed conflict and the needless sacrifice of human lives. As I said, there seems to be developing in the general assembly a growing general awareness that the United Nations must be provided with instrumentalities for quick and collective action that would prevent the outbreak or the extension of hostilities.

Just think of the great variety of agencies for the preservation of peace that the United Nations has had under its supervision, ranging from armed units, with respect to which I have spoken proudly as far as Canada is concerned, right down through observer groups to the mere token presence of the United Nations evidenced by only one person. It does seem to me that in this age, when we are likely to have indirect aggression, that the United Nations may be called upon to a greater degree to make provision for procedures of investigation. The secretary general is continuing his study and I can assure the house that Canada will be interested in his study and his further recommendations when we have some clear idea of what they may be.

I know that the thirteenth session of the general assembly has been dubbed an unspectacular one but in that regard I make the observation that dramatic quality is not a criterion of success. It is also not the sole test of the success of a session of the general assembly to ask the question, how many final agreements were reached on any particular set of subjects at a particular time? I was not able to attend the session of the general assembly for longer than seven weeks but I did sense a spirit of compromise, a seeking for solutions, a climate of reconciliation of conflicting interests. True, as I have already stated, no final agreement was reached with respect to disarmament. No final agreement was reached with respect to Cyprus but this is an example of what I had in mind when I said that dramatic quality is not the criterion of success.

Undoubtedly the reasonable discussions that took place in the thirteenth session of the assembly provided a climate—to use the word I invoked a moment ago—of compromise, that outside of the United Nations came to fruition. I am sure we all join in congratulating the statesmen of the United Kingdom, Turkey and Greece on the solution of that problem which was of special concern to the NATO allies. I have sent, as I know the Prime Minister (Mr. Diefenbaker) has, congratulatory messages to the prime ministers and foreign ministers of these three countries, and it is our wish and our hope that the spirit of reconciliation will continue in that island which has been so unhappy.

Perhaps the most significant discussions at the thirteenth session of the assembly had to do with matters in the economic and social fields. There was manifested to an encouraging degree a willingness on the part of the industrially developed countries to assist in the development of the economic and social potential of their less developed fellow members. I think it is opportune for me to mention at this stage what Canada is seeking to do in the way of helping underdeveloped countries, particularly our partners in the commonwealth, to solve their problems of economic development.

The problem, of course, can be stated in very simple terms. It is astonishing, it is distressing to realize that close to three-quarters of the human race live in conditions where poverty, hunger, disease and illiteracy are endemic. Many of these countries have emerged recently from colonial status. They now have their political independence and they are seeking, quite properly, not selfishly but in terms of the development of their own countries, to bring the standards of living of their people closer to those of the industrially and technologically advanced countries. Translated into economic terms this means that these underdeveloped countries must invest enough of their resources year by year to reach the point where economic growth can begin to sustain itself. It can be done in either of two ways. It can be done by their investing their own savings but when they are beset by impoverishment, illiteracy, disease and hunger how can they do that? They might do it under some leader who would adopt totalitarian processes and would

seek to take whatever savings they had. We would not be happy about that type of government growing up in these new nations. The alternative is for the west to invest in this great human endeavour. Otherwise these underdeveloped countries which have recently gained their independence may be prone to accept blandishments and offers from other parts of the world. Surely Canada is justified in making contributions to assist these countries. Indeed, to do otherwise would make it difficult for us to reconcile our actions with the principles for which we in the free world stand. I also suggest that it would be difficult to reconcile with the concept of the partnership of the British commonwealth as a community of free and independent nations.

I am glad to say over the past year the government has endeavoured to play an increasing part in helping underdeveloped countries. We have undertaken, subject to the approval of parliament, to increase our contribution to the Colombo plan from $35 million to $50 million a year for a period of three years beginning with the next fiscal year. We have also recognized the needs of emergent nations and territories in the commonwealth which are not eligible for assistance under the Colombo plan. I am thinking particularly of the African area. We are proposing to extend the benefits of our technical assistance program to commonwealth areas in that region.

We have embarked on a five-year program of aid to the West Indies. This does not come under the Colombo plan program, but a major part of the contribution of $10 million will be used in the building of two steamships in Canada for inter-island service. These ships should represent to the West Indies what the building of the railroad meant to Canada in helping our nation to become more united.

I recall to the house that on July 25 last year the Prime Minister advocated that there should be an increase in the capital of the international bank and the international monetary fund. That has come about and proposals will be placed before parliament respecting Canada's subscriptions to these institutions which are allied with the United Nations for the purpose of helping underdeveloped countries.

There was established last year by the United Nations general assembly a special fund to which Canada has promised to contribute $2 million, subject to the approval of parliament. The objective of the special fund will be to provide for surveys of natural resources, manpower, skills and industrial potentials, to the end that there can be established in many countries of the world a sound basis for economic growth.

There is one factor that I mention, not in a selfish mood, but when Canada makes a contribution of this kind, in a large measure the contribution in money is translated into Canadian goods and services which these countries need, for which they have asked. There is in this way a mutuality of interest, because our friends can be helped and our own economy sustained.

I have been discussing the Colombo plan, Mr. Speaker, which forms one of the particularly productive bridges of friendship between Canada and our friends in south and southeast Asia. It is a trend of thought which inevitably brings me to the less happy and less satisfactory relationships which exist between Canada and the millions of Asians living on the Chinese mainland. In view of the lively interest that is shown by the Canadian people in the future of our relations with the Chinese people, I feel sure that the house will expect me on this occasion to discuss in some detail the government's attitude toward the recognition of the government of the Chinese People's Republic. As this house knows this government, as did the government which we succeeded, has been giving continued consideration to the advisability or otherwise of extending recognition to the Chinese communist government. We are aware of the arguments in favour of such a step. It seems to me, however, that in discussing this question we must make a clear distinction between the legal factors which apply whenever Canada extends recognition to any new government, and the national and international considerations.

Let me deal with the legal aspects of the question first. It is true that recognition is usually extended to a government when that government exercises effective control over the territory of the country concerned, and when that government has a reasonable prospect of stability. Then, there is a second legal factor. The government of that country should indicate its willingness to assume international obligations inherited from its predecessor. So far as China is concerned, there is some doubt about the Peking government's willingness to assume the obligations and responsibilities of its predecessor. The Peking government made known, in September, 1949, that it would, in effect, regard as binding only those obligations which it considered to be in its own interest. There is little doubt, however, that the Peking government commands the obedience of the bulk of the population. It must be admitted, therefore, that most of the legal requirements for recognition have been fulfilled by the government of the people's republic. In any event, I say this: the Peking government has

fulfilled its obligation to at least the same extent as some governments which we do recognize now, and about whose political systems we have the same kind of reservations.

I have just mentioned the legal factors, the legal conditions for recognition. This does not mean, however, that any government which has fufilled these legal requirements is automatically entitled to recognition. This is a decision that should only be taken on the basis of national and international interests. It is to such considerations that I now address myself. It is stated that if Canada recognized China, greater opportunities for trading with the Chinese mainland would be created. There would almost inevitably follow an era of renewed friendly relations with that country. By this argument diplomatic recognition is made the key to trading relations with China. I must say, however, that I know of nothing to suggest that recognition would bring increased trade.

In so far as some western countries that have recognized China are concerned, no benefits in the matter of trading have accrued from that act. On the other hand, others, without recognizing communist China, have seen their trade grow substantially. It is true that on occasion Peking has used the question of trade as a special weapon. I would draw to the attention of the house the fact that the Peking government has used trade as a political weapon. I am thinking of the action in 1958 when that government cut off trade with Japan and later with Malaya and Singapore because the governments of those states acted in a certain way, within their own jurisdiction and within their own prerogatives as sovereign governments, but which the communists considered unsatisfactory. I do not regard trade, in that context, as being an argument in favour of recognition.

I would point out further that there are dangers inherent in trading with communist China. There are, however, other arguments in favour of recognition. It is undeniable that, unless the government which has effective control of the mainland of China is represented at international meetings, there will be less possibility of settling issues that create tensions and endanger the peace of the world today. This is in no way to say, however, that we cannot deal at all with communist China. The west has done so at Geneva when discussions took place on topics relating to Korea and Indochina. The United States is doing that very thing now in the ambassadorial talks in Warsaw. It does not follow, either, that if we and other friendly governments were to recognize communist China all the problems which beset us in the Far East would immediately be solved. This is to say that non-recognition of communist China is a symptom and not a cause of the tensions which endanger peace in the Far East.

What really is required, fundamentally, is a desire on the part of the Chinese to settle the outstanding problems. I mean to say that the pronouncements of the Peking government on international affairs in the past year, which is under review, give few grounds for believing that they are actually interested in removing those causes of discord separating them from the west.

It remains true, however that the present exclusion of China—and I come back to this point—from the United Nations and other councils of the world, except in isolated instances, makes international diplomacy more difficult to carry on. Disarmament is a case which I have in mind. What would be the use of an agreement or a treaty with respect to the cessation of nuclear tests—and I give this just by way of an example—if mainland China was not somehow involved in the working out and implementation of such a treaty? I must observe also, Mr. Speaker, that the authority and prestige of the United Nations has been weakened to some extent because many important international negotiations, such as those on Korea and Indochina, have not taken place within that organization.

I trust—and I say this very carefully—that I am not being unfair if I say that some of the arguments in favour of immediate recognition of communist China seem to me to overlook, to a certain extent, the complex nature of the problem. The problem of relations with communist China is an extraordinarily delicate one, for however much we may wish to develop an acceptable basis for relations with this increasingly important Asian state, it is by no means clear that recognition would accomplish this end. Indeed, we could contemplate that it would give rise to fresh problems.

The attitude that I commend to the house is one of prudence based on an appreciation of the realities of the situation. This government has taken a positive attitude with respect to trade. My colleague the Minister of Trade and Commerce (Mr. Churchill) this afternoon in the house mentioned one aspect of that trade. I remind the house that in 1957—and these figures have been presented already this session to the house—our trade with China amounted to $1½ million. In 1958 this figure rose to $7.7 million. In the difficult question of exports by Canadian subsidiaries of United States firms, as a result of the Prime Minister's discussions with President Eisenhower in July of last year, we have an understanding with the government of the United States

which aims to protect the interests of Canadian producers and provides greater scope for trade. Despite the considerations to which I referred we hope to increase our trade with China in the coming years.

Many Canadians visited China last year and that fact is responsible for increased interest in this topic. We are not unhappy that they have gone there. The reports of their impressions published in the Canadian press have been a source of information to the Canadian public. We hope that more personal contacts can be built up on the basis of these individual visits. In this way, by developing friendly relations in limited sectors, we may break down some of the political distrust which unavoidably exists between Canada—and indeed, the whole western world—and the Peking government.

On the specific issue of the establishment of diplomatic relations as opposed to relations confined to cultural and trade matters and the like, I realize that there are weighty considerations on both sides. As I have mentioned already, there is an opinion that friendly relations will flow from recognition. We believe that we should proceed prudently while we discover to what extent relations with communist China can be improved. We do not see much point in extending recognition to communist China if the result of such an act will be to put us in a position similar to that of other countries which have recognized China and then have been berated and extravagantly attacked because they have not always backed communist China pursuant to what the Peking government feels was an obligation arising out of recognition.

I ask three questions, Mr. Speaker. The first one is this. Should we recognize mainland China until we have reason to believe that our act will not result in deterioration of relations other than the opposite? My second question is this. Should we recognize mainland China if our act will give rise to misinterpretation of our attitude in the countries of Asia; that is, if those countries were to say that since Canada and other western powers have recognized communist China, there is no point in their resisting the growing influence of the Peking government not only in international affairs but in domestic affairs as well. My third question is this. Should we not also bear in mind the effect of recognition by Canada and by other countries on Peking's position among the overseas Chinese in southeast Asia? They might take out of that act of recognition the view that they would be free to undermine the national interest of those countries by being willing then to transfer their loyalties wholly to the Peking regime.

These are questions which we are weighing extremely carefully. It is, moreover, a matter of some concern that in the past year communist China has given us little warrant to believe that they have much conception of their responsibility for the maintenance of world peace. As a result of Mr. Dulles' visit to Taiwan in October last, a joint communique was issued by Chiang Kai-Shek and Mr. Dulles to the effect that the nationalist government would not resort to force as the means of returning to the mainland. It is disturbing to find, however, that no similar renunciation of force has been made by the government of communist China in respect of their intentions towards Formosa and the offshore islands. I am not discussing at this moment the place of the offshore islands but I am merely saying that there is on the part of the Peking government no manifestation of intention corresponding to that which was given by the nationalist government. That is their right. The mere fact that they have not done that is not necessarily an indication that we should not recognize China. But we are equally free to judge that in such circumstances recognition might be of little value and advance none of our interests.

It is for these reasons that it is the view of this government that we must go carefully. We should take the initiative in limited fields —in fields of trade and in other ways to which I have referred—and we should take every opportunity that presents itself to overcome the causes of discord between the west and Peking China. We must be patient. We should not be hasty. Otherwise we may undo the good work that has already been accomplished in laying the basis for progress towards the goal of removing the occasions for misunderstanding now existing between Canada and communist China.

Whether this process will be followed by recognition is to be seen; but I say this emphatically, that it will depend upon the success that we have in improving our relations in limited fields, and our assessment of the advantage to be gained by such an act. We have never stated that we will never recognize the Peking government. In the Prime Minister's words:

> The question of the recognition of red China is one that has been receiving consideration for the last several years and the question is continually and continuously before members of the government.

In conclusion, to return to the Berlin and German situations, I would hope that we may develop and extend the areas of understanding in east-west relations through the same technique of improvement, in limited fields. I am bound to say that there is little, if any, agreement on surprise attack. There

have been protracted discussions on the cessation of nuclear tests. There has been a road block in the way of reaching agreement on machinery for the use of outer space. There is not much comfort to be gained from the difficult starting point from which discussions on Berlin and Germany may begin. But, Mr. Speaker, I do think that there is some evidence that the international climate may be improving. The U.S.S.R. wants to discuss with us many problems. Certainly it should be evident to all sane men that there is a great interest in avoiding the mutual destruction of mankind in a nuclear conflict. May the desire for discussions on the part of Mr. Khrushchev and his comrades be a genuine readiness to negotiate in this particular instance of Berlin and Germany, rather than an attempt to impose their will on the three occupying powers and the two and a half million people in West Berlin to whose security we have pledged ourselves.

I conclude by saying that we wish and hope, as I am sure does every member of this house, that a meeting or meetings between the west and the soviet bloc will provide a greater mutual trust and confidence, even if that desideratum be reached only gradually.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure the house will have listened with great interest, and I believe also sympathetic understanding, to the comprehensive statement of the Secretary of State for External Affairs (Mr. Smith) as he told us something about the international problems that we are facing today. They are problems just as complex and difficult as they have been at any time in our post world war II history. The minister ended on a note of at least qualified optimism. He did not think things were any worse; and I think he was realistic in this. He did not indicate that they were much better, and perhaps we have to leave it at that. He covered—I think the house will be grateful to him for so doing—a good deal of ground. Of course, the world is big and he could not deal with all the problems facing it. There was, I thought, one notable omission, and that was the relations of this country directly with the United States of America, and not relations merely arising out of our association with the United States in an alliance of free nations.

I was glad to hear the minister give his good wishes, and I am sure we all join him, to the Prime Minister of the United Kingdom in his current mission to Moscow, which is turning out to be, perhaps I can call it, a somewhat rugged one. However, Mr. Macmillan is well able to stand that kind of thing.

I am sure we also agree with the minister when he gave his good wishes and sympathy to the secretary of state for the United States in the illness which has taken him out of action for the time being, and we hope it is only for the time being. I have had my differences of opinion, Mr. Speaker, with Mr. Dulles. I remember once when I felt doubtful of the wisdom of the doctrine he had been preaching of what came to be known as massive retaliation. I went down to Washington and quarrelled with that doctrine in an address to the Press Club there, right in the grounds of the other side, and after I had spoken Mr. Dulles asked me to come and have dinner with him so that he could tell me how much he disagreed with my disagreement. After a very good dinner, because Mr. Dulles is a very good host, I was subjected to some massive argumentative retaliation by the secretary of state of the United States.

As the hon. minister has pointed out, Mr. Dulles is a man of courage. His courage is indomitable; his energy is unbelievable; his integrity and sincerity are unquestioned; and his knowledge of international affairs is certainly unrivalled. Perhaps the greatest tribute that can be paid to the importance of the part he has been playing now for so many years is the universal recognition of the vacuum in the United States foreign policy —if that is not too strong a word—which has been created temporarily, we hope, by his departure from the state department. We hope that his recovery will be early and complete.

Now, Mr. Speaker, the situation that faces us as, the hon. minister has said, is a serious one. Indeed, the Prime Minister (Mr. Diefenbaker), as recently as Monday of this week in a debate on another matter, indicated his view of that seriousness. It was so serious last September that it was considered undesirable—and I recognize there were other factors involved—to interfere with a contract for the production of manned interceptors, and it is equally serious now. I think the minister will agree with me when I say that it is not wise, and I am not suggesting he is doing it, to base one's foreign policy on the oscillations of an international situation which has remained serious ever since world war II, and will remain serious as long as we have what is known as the cold war: the east-west conflict. The minister quite rightly spent a good deal of his time telling us of that conflict and I will have something to say about it a little later.

He mentioned the commonwealth. We on this side would have been very interested on the occasion of this debate to have heard

from the Prime Minister a report of his recent journey to the nations of the commonwealth. I know that this would not be possible in a one-day debate, but I hope that before long we shall be able to have such a report as I have suggested from the Prime Minister. In the uncertain and, indeed, the dangerous world in which we live, one of the more encouraging aspects of the international situation is the part which the nations of the commonwealth are continuing to play in working together for peace and for constructive purposes. Of course, the commonwealth has its difficulties also, and yet it is amazing to see how it adapts itself to these difficulties and to a changing world.

The commonwealth itself is changing so rapidly and so noticeably in my view that the difference between the commonwealth we see today and the commonwealth of just a few years ago is about as marked a difference as the difference between that older commonwealth and the still older British Empire. Four-fifths of the members of the British commonwealth are now Asian. Of the ten countries presently composing it only four have indicated their desire to remain monarchies within the commonwealth. So that bond of unity which we still cherish and which other members of the commonwealth cherish does not apply in the same way to all the members. Three of them have indicated their desire to become republics. Two of them are republics and one, indeed, has an elected monarchy. I am thinking of the Federation of Malaya, where an elected monarch accepts another monarch as head of the commonwealth, certainly something new in international relations. Nevertheless, this strange machine, if I can call it that, works and is perhaps as important as it has ever been in the part it can play in acting as a link between east and west, between Asia and the west, when there are all too few such links.

Now may I say a few words about the relations of this country with the United States of America. I recall that five or six years ago I said the days of relatively easy and automatic relations between the United States and Canada were over. I got into a good deal of hot water by making that statement at the time but it is obvious now as a result of the events of the last few years that the statement was quite accurate and remains quite accurate. I suppose we now have in this country more problems with the United States than we have had at any time since we as a Canadian nation through a Canadian government became solely responsible for our relations with the United States. That does not mean, of course, that we cannot solve them; it does not mean we shall not apply to them the same frank and friendly treatment, as the phrase goes, that we have applied in past years. But it is just as well to recognize that in spite of the fact that the plants in the garden are now being more carefully tended there are a great many difficulties in respect of this situation. These are pointed out very clearly in the Hays-Coffin congressional report which also says that while the difficulties may be great and increasing there is perhaps a greater awareness of those difficulties than in past years.

Certainly there is a greater awareness of them on the part of our friends across the line and I think that is all to the good. But I think there is also a growing awareness on the part of the members of the government—an awareness which was perhaps not so obvious to them when they were sitting on this side of the house—that it is not so easy to stand up to the United States. Or, rather, I might put it this way: it is easy enough to stand up to the United States, but it is not so easy to stand up to them for the only purpose worth while—the achievement of good results for our country.

The experience of the Minister of Justice (Mr. Fulton) with regard to his intervention on the application of the anti-trust laws of the United States to this country is a good illustration of the difficulty that we encounter in this regard. The Minister of Justice, reporting on his journey to Washington on February 3, said that the reaching of an understanding on prior consultation on this particular problem was a real accomplishment. It was an accomplishment, but I would point out that in the statement made by the President of the United States in this house last summer an assurance was given in very formal words—and I quote from President Eisenhower's statement—that it was "the desire and intention of the United States to keep the doors of consultation fully open." And later in his speech, President Eisenhower said:

> Yet despite these dissimilarities in form our two governments are developing and are increasingly using effective ways to consult and act together.

I know that when he said that, he was being perfectly sincere. The Prime Minister of Canada has also on more than one occasion expressed his view that progress is being made in regard to consultation between the two governments in order that difficulties which are encountered in our relations may be speedily and effectively overcome. I have mentioned only one such difficulty. And as late as January 6 of this year, not long before the Minister of Justice went to Washington,

the communique issued by the United States-Canada committee on economic affairs which met in Ottawa on January 5 and 6, said:

> It was also agreed that wherever feasible there should be close consultation in advance between the two governments whenever it seemed necessary for the government of one country to take action which might affect the commercial and economic interests of the other.

That seems to me to be a less forthright declaration with regard to consultation than the one we received earlier. Hon. members will notice that the communique said:

> It was also agreed that wherever feasible—

And so on. Mr. Speaker, there should not be such a qualification regarding the relations between our two countries. In every case where the interests of the other are affected—and this applied to us when we introduced the new customs regulations last year—there should be consultation. There is no excuse for it not taking place. Not only should there be consultation but it should be continuous and effective to prevent to the fullest possible extent those difficulties arising. We know what some of the difficulties are. One is restrictions on our exports of oil and strategic base metals to the United States, restrictions which do not reflect the theory of unity in continental defence. Another problem is that of the surplus disposal of agricultural products concerning which it was hoped by the government last summer that some progress had been made in preventing United States policy in this matter affecting unfairly our own exports but concerning which at the present time there are many ominous signs that that kind of action may still be taken.

There is also the whole question of defence relationships between our two countries. I shall not go into this question in too much detail at the present time because when the defence estimates are up for consideration we will have ample opportunity to discuss this matter.

There is also the question of the relationship between our two countries and peoples in regard to control of our Arctic territories. I know that the Prime Minister said in this house last summer that whereas these arrangements to ensure Canadian control and sovereignty over her Arctic territory had not been satisfactory when the government came into power—notwithstanding the feelings of the Minister of Northern Affairs and National Resources (Mr. Hamilton)—all difficulties had been removed and everything was changed because of new regulations. Ever since that date—I believe it was last September—I have been trying to get these regulations which brought about this changed situation but without any success whatever.

We are going to have these problems and I think we must assume that the good sense and the realization of our interdependence on both sides of the border will ensure that while these difficulties will arise, with good will and practice they can be solved. We have to face the problems involved in these relationships with a sense of realism and with evidence of maturity. We must search for solutions to these problems that will maintain Canadian rights and protect Canadian interests but we must do this while recognizing that our two countries in the world in which we both live must inevitably work closely together; that isolation of either one from the other is made impossible by geography, economics, enlightened self-interest and by, as I have expressed it, the very nature of the world in which we live with its tensions and deep conflicts between two struggling systems of human and political organization.

We can never forget as we try to solve these problems with our neighbours that the United States remains the foundation of our defence for the western world and its ideals against those who would destroy them and by its very power it is the only western country qualified in the material sense to give the kind of leadership and the kind of strength without which we would be in a bad way in the western world today. We should talk up and talk straight and if necessary we should do more than talk when our rights and our interests are being overlooked in Washington. But that surely does not mean petulance, pettiness or—to use a word of which the Minister of Public Works (Mr. Green) is so fond—whining. We are supposed to be grown up now nationally and one indication of maturity is a combination of firmness with steadiness and understanding.

I have been wondering whether the time has not now come for a top level formal conference between the leaders in Canada and the United States to see if some formal agreement could not be reached and embodied in a formal convention, perhaps for ratification by legislatures—because this would be one way of bringing these matters to the attention of congress as well as parliament—embodying principles that should govern our relations. We had such an agreement in the Hyde Park arrangement. We had an enunciation of principles, as the minister knows, repeating the principles of the Hyde Park agreement, I believe in 1950, but it was an informal document with no binding effect in any formal sense. Perhaps the time has come when we should try to work

out some arrangement of that kind with a more formal and binding effect than the documents I just mentioned so that when one government takes action without consultation or even with consultation that seems to controvert the principles of this particular agreement it could be appealed to in order to restore the position.

As the Hays-Coffin report says, Canadian and United States interdependence demands a new category of relationship. That kind of relationship which is perhaps becoming necessary can certainly not be worked out at the kind of meeting held in Ottawa in January, and I am not depreciating the importance of that kind of meeting. It requires, as the minister undoubtedly knows, a great deal of continuous preparatory work before documents can be produced. The main purpose from our point of view in any such arrangement would be to ensure that Canadian rights and interests and our separate national position would be protected as the compulsions and the necessities of interdependence become more and more apparent, as they are becoming increasingly apparent every day.

I suggest that the present machinery is not adequate for that purpose. I also suggest—and I would not wish to be misunderstood in this regard—that important as is the recognition of this continental interdependence in such a way as to protect Canadian interests, that would not go nearly far enough. One important aspect of the kind of negotiation and conference I am talking about would be to discuss the relationship of this interdependent continent, especially in the economic field at the present time, of course, with western Europe which is now recognizing the interest of its own interdependence through the common market and the European free trade area. If we on this continent do not give some degree of consideration to and take some action about this development which is taking place in Europe—and I have said this a good many times—we will perhaps one of these days be faced with the division of the Atlantic world between the North American and European segments. No one will gain from any division like that except those who are attempting to destroy the whole Atlantic community.

Perhaps the time has come, Mr. Speaker, to lift the consideration of these matters to the highest level of examination and collective action both here and in western Europe in order to try to frustrate what is possibly the first objective of Soviet policy today, the splitting of the Atlantic nations—the western nations—into this European and North American division.

The minister had a great deal to say about NATO and European problems and more particularly about the Berlin and German problems. The minister could not cover everything even in an hour and a half and perhaps on another occasion he will let us know something about the operation of the NATO organization during the last year. He might tell us, for instance, how the earlier recommendations for consultation are working out and how the NATO council is performing as an agency for the co-ordination of western foreign policy. It is not enough in an international organization of this kind to take pledges to consult.

Consultation can mean many things but it does not mean very much if it means only that one member of the coalition confronts the other members with decisions taken and documents drafted and then asks for the help and co-operation of the other members in finalizing the decision. I get the impression that NATO through its council is making progress in this regard. Perhaps the minister will have an opportunity before long to tell us about that.

The situation in Berlin seems to me to deserve all the attention that the minister gave to it. It is difficult to visualize any more dangerous position than that which we find in Berlin at this time. I do not want to be unduly alarmist. We have had these crises, we have had these situations before and somehow or other we have at least overcome them to the point that they were not permitted to degenerate into conflict.

But it is hard not to be frightened about the developing possibilities of tragedy in Berlin at the present time, especially in the light of the words that are now coming out of Moscow. The minister had a good deal to say about the statements of last November and December and they, of course, were important, but some of the statements that have come out of Moscow and other places in the last week or two have been more frightening. We must hope that they are only, as the minister indicated perhaps they might be, merely political statements for domestic consumption. But it does look as if we may have a situation develop in Berlin where an irresistible force will find itself up against an immovable object, and when that happens something has to give.

I agree entirely with the minister and we on this side certainly will support the government in any steps it takes to make the position clear that the western powers must stand absolutely firm in regard to the situation in Berlin, that they do not dare yield to bluff or blackmail on that particular issue,

that the right of free access, a right which the occupying powers were granted at the end of the war in return for very great concessions made to the Russian side, must be maintained and cannot be unilaterally abrogated. But, Mr. Speaker, standing firm is not enough, as the minister himself indicated. Indeed, he supported his statement by reading from the NATO council communique of last December.

So the question arises, when do the risks from immobility exceed those from flexibility? A refusal to yield on Berlin which is justified must surely be coupled with a demonstrated willingness not only to consider proposals but to initiate proposals for an agreed Berlin settlement within, as the minister pointed out, the framework of a German settlement which itself must be within the framework of a European security settlement. I think it should be made perfectly clear to the other side by the western powers most concerned that that includes a willingness on our part to talk about disengagement. I know that disengagement can mean many things. I think it was a mistake to dismiss so quickly the Rapacki plan which was one form of disengagement, a plan which did not seem to me to be satisfactory to accomplish the purpose it may have had in mind but which perhaps might have been used as a basis for discussion. I do not think that disengagement would be too high a price to pay if it could be brought about in a way which really would ease tensions and strengthen security on the European continent.

All I am suggesting now is that Canadian policy should encourage a willingness to discuss disengagement and should encourage the putting forward of proposals to that end. When Mr. Dulles visited Europe a few weeks ago just before his illness—and it is an indication of the courage of the man that he made the visit at a time when he must have been suffering a good deal—he said on his return that his visit reconfirmed the unity and the firmness of the western position. I quote from his statement:

> We are resolved that our position in and access to West Berlin shall be preserved.

I certainly do not quarrel with that. He went on:

> We are in general agreement as to the procedures we shall follow if physical means are invoked to interfere with our rights in this respect.

It would not be proper, of course, to ask what those procedures would be but one cannot help but wonder on what this unity and firmness is based. One cannot help but wonder what these procedures are on which the four western powers are united. It is certainly appropriate that the Canadian government should know all about them and I hope they do because this is no occasion for keeping any member of the western alliance in the dark in respect of measures of this kind which could have such far-reaching consequences.

It would be interesting to know—perhaps the minister will be able to tell us this—whether the unity to which Mr. Dulles referred includes the Federal Republic of Germany, whether it is based on a recognition or a refusal to recognize a transfer of authority to control access to Berlin from the Russian government to the East German government, something which the Russians have said they are going to do by May 26 of this year, not so very far away.

If such recognition is then laid down by the East German communist government as a condition for passage through or passage over the corridor, where are we then? Are the powers most concerned agreed as to what they will do if a convoy on land or in the air is interfered with? Mr. Khrushchev has made some ominous statements in Moscow as to what he thinks will happen if any effort is made on the part of the west to run a convoy through in spite of interference.

The minister said this afternoon that Canada's responsibility in this matter is clear, and I agree. As he pointed out, it was established in London some years ago. It is because our responsibility is clear, it is because our commitment in this matter as a NATO member is clear that the government has a right to know every plan and every intention of the four countries most concerned and this parliament has a right to know everything that the government feels that it is appropriate to tell it. We have no right to ask for any more than that in a matter of such grave importance. That makes the situation very different indeed from the last time we had to face the situation of a blockade of Berlin which was met by an airlift conducted by two powers alone. At that time Canada had no special responsibility, no special commitment, and Canada was told absolutely nothing in advance of the decision which brought about the airlift to meet the blockade. We were told about it after the decision had been taken. The situation is very different now. We know in advance, presumably what may happen and we accept —I certainly do not quarrel with it—the responsibility that goes with that kind of commitment.

The minister went on to talk about the United Nations assembly. He made the best case he could for the results achieved by the recent assembly of the United Nations, and so would I if I had been in his place. It did, of course, accomplish some useful things;

every United Nations assembly does. But I got the impression that this was not one of the more stimulating and constructive meetings of the United Nations.

I note also, and this has a bearing on what the minister said about Red China, that when the question of whether the United Nations assembly would discuss the admission of China came up, it was supported this time by 32 delegations—I believe that was the number. This was many more than had taken that position in the previous assembly. The motion was opposed by Canada and the majority of the delegations.

The minister had a good deal to say this afternoon about the recognition of communist China. I am not quite sure from what he said just where we stand on this very important matter, and perhaps that was the purpose of most of his observations. I do not want to be unfair to him, but I will say that I feel he nailed our colours firmly to the fence in regard to this matter. Perhaps, however, the nail has been moved up a few notches toward the top of the fence. I should like to ask him a few questions in a friendly and constructive vein. I do not know whether or not he will be able to answer this one, but how long are we going to be able to support the United States position, because it is a United States position, that this question cannot even be talked about at the United Nations.

The reason given by the Canadian delegation for not supporting this motion at the last assembly was that discussion at that time could not help and might hinder the settlement of the very dangerous position which had been created in the Chinese offshore islands. Perhaps by the time the next meeting of the assembly occurs things will be reasonably quiet out there and that reason will not be present. I got the impression from listening to the minister this afternoon that he thought there had been a change in the picture in so far as the position of the Chinese communist government is concerned. Certainly that position, in my view, is not now the same as it was a few years back when Chinese aggression in Korea was an obvious reason, even if there had been no other reason, for preventing diplomatic recognition and membership in the United Nations. The minister indicated that the technical and legal criteria which generally govern diplomatic recognition of a regime had been materially fulfilled at the present time. In this regard it is interesting to quote a paragraph from a book written by Foster Dulles called, "War or Peace", published in 1950. At page 190, Mr. Dulles gives this assessment of the situation in regard to recognition:

> If the communist government of China, in fact, proves its ability to govern China without serious domestic resistance, then it too should be admitted to the United Nations.

He went on further:

> However, a regime that claims to have become the government of a country through civil war should not be recognized until it has been tested over a reasonable period of time.

It does not seem to me that these observations have been followed, either in the first sentence in respect of China or in the last sentence in respect of many Latin American countries.

The other day I noticed a statement bearing on this question by Mr. Walter Robertson the assistant secretary of state in Washington, who is perhaps the strongest opponent of any form of diplomatic recognition of the communist government of China. He said that, nevertheless, if there is to be any international agreement on disarmament or any aspect of disarmament which requires international control and inspection—the minister mentioned this this afternoon though not quite in the terms I am using now—Red China would have to be included in that agreement and discharge its own obligations in that regard. This raises a question at once. How could Peking be asked to accept and carry out any such obligations, take part in control and inspection, which we rightly claim to be essential, and yet be considered as unrecognizable. It does, to say the least, present a dilemma.

The minister said that one of the obstacles to recognition was the fact that from the point of view of the Asian countries it would look as if we were deserting them in the face of communist Chinese subversion and pressure. The fact is, however, that most of these Asian countries have themselves recognized the communist government of China. I recall that when the Prime Minister was using that same argument during his tour in every case he had to use it in a country which, while strongly anti-communist, had recognized this particular regime. We really do not, therefore, solve many of our problems it seems to me with that particular argument. I am not sure whether the minister referred to the United Kingdom, but he said that some countries which had recognized communist China had not been treated very well by the Chinese communist government after recognition. No doubt, he may have had the United Kingdom in mind, and that is quite true. This has a bearing upon the action which this government should or should not take.

Diplomatic recognition of the Chinese communist government would be pointless, and I think worse than useless, if it were not followed by support for Chinese communist admission to the Chinese seat at the

United Nations. One reason why the United Kingdom government, in my view, got the worst of both worlds was that it recognized the communist government in Peking diplomatically, and then voted against the communist government of China taking the Chinese seat at the United Nations and voted in favour of a moratorium on the discussion of it. Naturally this action was not well received in Peking and the United Kingdom was not able to get any advantage, if advantage was to be received, from recognition.

Then the minister brought up the question of trade. He said we must not attach an exaggerated expectation to increased trade because of diplomatic recognition, and of course I agree with him. There has been a lot of loose talk about what recognition would do to trade. It would be some help, but it would be making a mistake to in any way exaggerate the nature of the trade that would follow from recognition. Nevertheless, it is going to be increasingly difficult to push trade in a country to which you do not give recognition and where the words—I am talking about our country—of the Prime Minister still stand on the record that there could be no recognition until this regime has expiated her wrongdoing.

Then, what should we do? The minister and the government are no doubt giving consideration to this matter. Perhaps he will pardon us for being a little confused on this side as to the nature of that consideration because of certain contradictory statements which emanated from various members of the government last autumn.

I suggest we should do four things. I suggest that we should send not a trade commissioner from Hong Kong to Peking—useful as no doubt that visit was—but should send a trade mission; I refer to a governmental trade mission. Second, if this has not been done by the government, I thing the position should be made perfectly clear with regard to Formosa, namely that recognition or no recognition of the government of Peking, the people of Formosa should not be handed over to that government without some opportunity to express their own views on the matter. By that I do not mean—and I would not wish to be so interpreted—that we recognize what has come to be known as the doctrine of the two Chinas. That doctrine will never be accepted in Peking and it will never be accepted in Formosa. But by the same token we do not recognize that doctrine of the one China if it means the transfer against their will of nine million Formosans to the communist regime in Peking.

The third thing that I think should be done is this. Any influence which we may have on those most concerned—and by that I mean the United States—should be exercised to persuade the United States to persuade the government in Formosa to evacuate the positions in the offshore islands Quemoy and Matsu. If, as Chiang Kai-shek now has formally stated—and the minister repeated it this afternoon—that government has no intention of using force to get back on the mainland, what possible good can these islands be to that government except for the maintenance of face which is the Chinese word for our word prestige.

If the situation becomes quieter out there in respect to those islands, surely it would be possible then to evacuate those islands. As I see it, it would strengthen the defensive position of the government of Formosa. It would be possible to evacuate those islands without any great loss of face, as I think we were told by the United States government some years ago would be done. As long as those islands which are two or three miles off from the continent of China are heavily armed and are facing the mainland and as long as the Red government in Peking interprets the arming of those islands and the dispatch to those islands of a relatively large army from Formosa as a threat to its position on the mainland, it does not seem to me that there is going to be peace in that particular area.

Then the fourth suggestion I make to the minister is this. Why should not our government now initiate discussions with a few friendly governments which have not recognized Red China in order to try to work out an agreed attitude and agreed approach before the next assembly when this matter is certainly going to come up for serious consideration. I am thinking of such countries —and the list is certainly not exclusive—as Ireland which supported discussion of this matter at the last assembly France, Italy, Belgium, Australia and New Zealand. It seems to me that might mean a useful initiative for Canada to take in this matter.

The minister mentioned some other questions that came up for consideration at the United Nations assembly and I was interested—

Mr. Smith (Hastings-Frontenac): I wonder whether the Leader of the Opposition would permit a question at this stage?

Mr. Pearson: Yes; of course.

Mr. Smith (Hastings-Frontenac): I am trying to phrase my thoughts in the form of a question. Is the Leader of the Opposition advocating immediate recognition? He paid me the compliment of being mystified. I do not know what he stands for. Can he help me?

Mr. Pearson: Mr. Speaker, the minister apparently is not quite as clear about what I am advocating as I was about what he was advocating. He was advocating an extremely cautious policy of doing nothing at the present time but keeping all considerations under examination so that when the time to do something arrived the right thing would be done. I am making certain proposals which will help the minister in the achievement of that policy and perhaps go a little further, so that if this situation has to be faced at the next assembly of the United Nations—as undoubtedly it will—perhaps Canadian policy will have been considered in the light of the policy of certain other friendly countries and perhaps a careful and constructive attitude may be adopted. I am trying to suggest that it is not going to be easy to avoid a decision on this matter much longer because—and this is a most important consideration—the events in Korea which made recognition out of the question up to a few years ago no longer have much bearing on this particular problem.

Perhaps when the time comes when we discuss this matter on the estimates, in the light of the advice I have given the minister perhaps he will be a little bit more concrete and perhaps I will also be a little bit more concrete.

Mr. Smith (Hastings-Frontenac): I thank the Leader of the Opposition.

Mr. Pearson: The minister indicated that at the last assembly not much was done to carry out the idea which I know he has very much in mind as a great many of us have. I refer to the idea of taking advantage of the experiment which has been so successful with respect to the United Nations emergency force in the Middle East in order to establish something of a permanent organization on which, if the emergency arises in the future, we can arrange United Nations intervention more speedily and perhaps more effectively than would otherwise be possible. I had hoped that this could be done, and none of the arguments that have been put forward that I have been able to discover, seem to me to be valid. I am not now suggesting any great international army. That would be out of the question. I am not now suggesting an international police force which would be able to stand up to any national aggressor if that aggressor was determined to commit an aggression. I am thinking of the kind of force which proved to be so useful in the Middle East and which might be required again—it might even be required one of these days in Berlin or some other danger area—to police a settlement which has been reached and which cannot be policed by national forces.

If that is to be done—and when the crisis arises and when the emergency takes place, the people down in New York say, "That is a great idea; let us do it"—why not prepare for this situation in advance by setting up a small permanent organization in New York for which those governments which so desire would earmark certain forces which would be trained and made ready for this particular purpose.

The minister has said that at the United Nations people are worried about the variety of situations that the United Nations may have to face. That is one of the reasons that we should have this kind of permanent arrangement because it would be flexible and I am sure it could be made adaptable to the kind of situation which he has in mind. We on this side had hoped, as I am sure had the minister, that at the last United Nations assembly something could have been done. If we do not soon take advantage of the situation created by the first successful United Nations initiative in this field the opportunity may be lost and it may not recur for a long time. I know a proposal was made at the last assembly and it was extremely discouraging that nothing could be done about that proposal.

I think I know the main reason for the failure of the secretary general's proposal. Once it ceased to be the proposal of the secretary general—that great and objective man—and was taken up by the United States of America—and I can speak perfectly frankly about this matter because all this information has appeared in the press—that fact aroused all the suspicions on the other side of the iron curtain and it even aroused in the minds of people in uncommitted nations some doubts which would not have been there if it had been either on the initiative entirely of the secretary general or the initiative of a delegation of a middle or smaller power. I therefore hope that in spite of this setback at the last assembly, perhaps some progress may be made at the next one.

The minister had a good deal to say about nuclear disarmament, and those of us who have been following these interminable discussions at Geneva, which seemed to start off in an atmosphere of hope, have some right to feel discouraged. It does not seem to me that there is much likelihood of achievement as long as it is recognized, as it now seems to be recognized by everybody in the discussions, that there must be some ironclad system of inspection and control, and as long as the Russians will only accept it at the price of having a veto over the control agency.

I remember last March during the election that the minister did not go nearly so far as insisting on inspection and control to accompany at least a temporary suspension of tests, and that was the position I myself took at that time. The reason I felt it would be possible at that time perhaps to agree to a temporary suspension of tests, with all the danger which now seems to be developing in the atmosphere as a result of the tests, is that I had read, and I have studied the matter a little, that there is no way by which you could violate an engagement of this kind not to explode nuclear missiles without having that violation detected by someone in another country. I have since been again told by very high scientific experts that such an engagement could not be violated without it being known.

Now that position seems to be changed. Indeed, while the Russians must take the main share of the responsibility for preventing an agreement, with inspection and control to go with it, the hon. minister must recall that only a few weeks ago there were some statements from Washington to the effect that even international control and inspection might not be ironclad enough to permit the United States government taking part in this kind of agreement, because it could be violated without any international control organization knowing anything about it. So it seems to have become a very confused situation, and those of us who felt that perhaps something could be done in Geneva to deal with this important and serious problem have some right to be discouraged.

Disarmament itself is bogged down worse than ever. Instead of having a United Nations disarmament sub-committee, which was a small group, Canada being one of the five, which could at least make some progress with regard to clearing away some of the technical underbrush as a result of all these discussions in the last two or three years, we now have a disarmament commission consisting of 82. We are not likely to make very much progress with a disarmament commission of 82. I know how difficult the matter is because it is tied up with political considerations. It seems to me that the only proposal for disarmament that made much sense in terms of its practical realization was one made by the prime minister of France, Edgar Faure, a few years ago, when he suggested that every country should agree to devote a percentage of its previous year's expenditure on armament to a great world development activity through the United Nations. This proposal, as he said, would be at least self-implementing to this extent, that if you agreed to transfer 20 per cent of your previous defence budget to the United Nations or some international agency for development, you might cheat in regard to the amount of money which you spent on armament but you could not cheat on the 20 per cent turned over to the development authority. However, there have been a lot of other proposals which have not seemed to come to anything, and I do not think the outlook for the immediate future is very hopeful.

All these problems, and many others which I could touch on if I had time, are reflections, and some are rather sombre reflections, on what the minister called the east-west conflict. A basic reason for the conflict between communist imperialism and those countries who are determined to protect their free institutions, their democratic processes and their way of life against reactionary totalitarianism, is to my mind fear. I hope that the free people of this world are willing to pay the price in defence costs which are necessary in this situation and also in terms of an imaginative and flexible diplomacy, which is also a very important part of defence. But there is no doubt in the world, as I say, in my mind that one of the bases of this conflict is fear combined on one side, combined with a confident, at times a crusading, and an aggressive, ideology. The problem we face is the same problem we faced last year, the year before, and the year before that. It is how to break through this fear.

As we discuss this matter tonight, Mr. Khrushchev and Mr. Macmillan are talking about this matter in Moscow. It is being talked about in Berlin, Paris, and in Washington. They are discussing conferences which might get these two sides together. So our minds inevitably go back to proposals for a conference at the summit between those men who have the destiny of the world largely in their hands. Yet as soon as one of these men proposes a conference, the three or four on the other side react against it because they are afraid of that proposal. That is true when the proposal comes from the western side, and you get the same reaction when it comes from the communist side.

What can we do about that? I have only one idea to put forward. This matter is certainly not the responsibility of the Canadian government, but it might be something perhaps in which the Canadian government would see some advantage if it were followed up. If there is to be a summit conference, as there will have to be one of these days, surely it must be convoked by someone and held in an atmosphere which does not arouse suspicion on either side. It seems to me there is one country and one man peculiarly

qualified to do this at the present time. That country is India, and the man is Nehru. If the prime minister of India, whose bona fides in regard to objectivity certainly are not questioned because he is criticized on both sides, would take the initiative and responsibility of summoning a conference at the summit, perhaps there would be more possibility of successful results from that kind of conference than one called by either side to the east-west conflict. He could take complete charge and decide who would be there. He could decide what the agenda would be if an agenda were required, and he could determine the basis on which the conference would be held. This is asking someone who is not directly committed to either side to take a great deal of responsibility. Well, the stakes are very high and the reward would be very great if a conference of this kind would make some contribution toward cutting through the circle of fear which now surrounds us.

The minister talked about the implications in the future in regard to the conquest which had been made in outer space. It does indeed mean that we are approaching an entirely new dimension, one which frightens us as well as entices us. It is a new dimension of politics, of strategy, of economics, and indeed a new dimension with respect to population. But while it is a frightening and alluring prospect for the next ten years, with the effect it may have on all our worldly conflicts, I am inclined myself to agree with the remark made by the Right Hon. R. A. Butler in the house of commons in London the other day, when he said:

> I don't want to go to the moon or the sun, I only want to find peace on this earth.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I listened with a great deal of interest this afternoon to the comprehensive and general review of international affairs given by the Secretary of State for External Affairs (Mr. Smith). I must say that at some points in his speech I was very pleased while at others all the members of this group were, I am sure, somewhat disappointed. I will deal with the disappointments later. I was also interested in the speech just completed by the leader of the official opposition. I was very interested to note his increased flexibility since he became Leader of the Opposition with respect to certain important international questions and also his progressive advance, shall I say, toward the view taken by the C.C.F. on the recognition of China and the composition of the United Nations.

Although we are small in numbers it seems we are having a definite influence on the official opposition and I hope this influence will continue.

Mr. Pearson: I hope it works both ways.

Mr. Herridge: I hope it does as far as an increase in our numbers is concerned after the next election.

I must frankly confess that I rise to speak in this debate with a considerable sense of inadequacy, and I say this in all sincerity. The issues raised when we discuss international affairs are so profound and so complicated and involve so many facets of human behaviour that I feel unable to discuss the question with the competence it demands. All I can say in justification of my plunge into the stormy waters of international affairs is that a study of history, speeches—excluding the speeches to which I listened this afternoon—writings and documents on this subject convinces me of the equal inadequacy of many others who have dealt with international affairs throughout the years.

I might say that this afternoon I am speaking for the Co-operative Commonwealth Federation—long may it live—and I am expressing the views of the members who represent that organization in this house.

Mr. Martin (Essex East): Some of them are trying to break up that federation.

Mr. Herridge: I do wish the farmer member for Essex East would confine himself to international affairs this afternoon.

First of all, I must stress the fact that the power relationships between the NATO nations have drastically changed within the last two or three years. If it ever made any sense for the western powers to negotiate on the assumption of United States military superiority, this approach has now become totally untenable. A second major development, and a much more hopeful one, is the evidence of a greater flexibility in approach on the part of both the Soviet union and the United States. Coupled with this is the apparent desire of the Soviet union to wage its battles more and more, according to the reports we receive, on the economic front. There was a day when the United States could answer most of its critics, at least to its own satisfaction, by stating that it was its military superiority that saved the non-communist world from being seriously challenged by the communist military might.

While western military strength may still be a deterrent to communist ambitions it is becoming obvious now in the opinion of an increasing number of people that the power of the west to deter is shrinking rapidly, particularly if we look at both the western side

of the world and at the Far East. Russian successes in the launching of sputniks and the lunik, and her adventures into planetary space, indicate quite clearly that this country has the know-how and the productive capacity to turn out destructive weapons just as effectively as our friends to the south.

The successful testing of ICBM's and the prospect that they will soon be produced by the Soviet union in operational numbers, according to the best information we can get, makes any theory of dependence upon massive retaliation as a basis for negotiation very shaky indeed, in our opinion. I might say here that I was very pleased to hear the remarks made by the leader of the official opposition on this subject.

From a longer term point of view, perhaps an even more significant development of recent years has been the emergent industrial development of China. While China offers no military threat at the moment, no one who has viewed her development can deny that she may well become one of the great industrial powers of the future. Clearly this development calls for a re-thinking in the field of international relations such as we have not been forced to undertake since the end of world war II.

No doubt these developments are the important ones if one is pessimistic enough to believe that the major issues of the world must be settled by negotiations based on armed strength. However, there are other developments, I am glad to say, which indicate that both sides are more interested at the present time in a different kind of battle. I think we should promote this interest. The Soviet union appears increasingly concerned in developing its industrial potential in order to catch up with the United States in the field of economic production. That country, too, appears to be showing an increasing interest in international economic competition. We in this group hope that co-existence and competition can be developed on this basis.

The western powers, on the other hand, appear, especially on the Berlin and German question, to be willing to consider a more flexible approach. If this greater flexibility on the part of the west can be broadened to include a serious re-examination of the problem of world economic development as an alternative to continued military strength we may truly be on the way to a new and more hopeful era in international relations.

Mr. Speaker: I am sure it is a little difficult to hear the hon. member while so many conversations are going on. I wonder whether hon. members on my right would moderate their tone.

[Mr. Herridge.]

Mr. Herridge: In summary, in our opinion, three things are clear as a result of any study of international developments:

1. The power to destroy is now so great on both sides that it is no longer possible for one side to depend upon superior strength alone as an effective deterrent.

2. This development, coupled with an increased emphasis on economic competition, may well have led to a genuine desire on the part of both power blocs to approach problems more flexibly.

3. The present international situation and these developments offer a new opportunity for socialists, like thinking people and genuine Liberals to express their ideas with emphasis on the possibilities for peaceful negotiations based on a reconsideration of the circumstances today which, as the Leader of the Opposition has pointed out in dealing with one or two aspects on international affairs, have been quite numerous in the last two or three years.

To that end I advance in my remarks during this debate the policy and views of the Co-operative Commonwealth Federation. I want to emphasize that. The minister suggested there should be positive proposals made with respect to the solution of international problems. I aim to place before the house a few positive proposals that the Co-operative Commonwealth Federation group in this house has to make toward the solution of international problems.

I must say first of all that we continue our whole-hearted support of the United Nations. Before proceeding I might also comment that we wish to congratulate our permanent staff at the United Nations. We believe that throughout the years they have done a splendid job. I had the opportunity of being there for about one month during December of 1956 and I did all I could to learn what happened in the general assembly and the various committees. I attempted to take full advantage of what I considered an excellent opportunity. I feel that only those who have attended the United Nations and listened to the debates in the general assembly and in the committees fully realize the tiring nature of these continuing talks on international affairs under what are at times very frustrating conditions. The work done throughout the years by our permanent representatives at the United Nations deserve the thanks of the Canadian people for their constant attention to a duty that requires continuous application, constant study and, shall I say, an abnormal degree of human patience.

In my opinion the value of the United Nations has been re-emphasized by events of the past year. I should take this opportunity

to congratulate the government for the part it played in connection with the difficulties in the Middle East over the past year. There is no doubt but that the United Nations played a most constructive, worthwhile and positive role in those developments and prevented a wider spread of the area of conflict.

The composition of the United Nations is changing owing to the addition of new members of the commonwealth and other Far Eastern nations. One might say that the balance of power is changing so that the United States is not as certain as it was in years past of getting a vote satisfactory to them on issues that come before the United Nations. I understand that is causing some concern in some circles but as far as we are concerned we feel it is a most healthy development and one that will serve, shall I say, to speed the life blood of the United Nations and provide greater opportunities for an understanding of world events and for the achievement of solutions satisfactory to a larger and increasingly wider area of the world's people.

We also think the United Nations offers a splendid opportunity for continuing negotiations. There are people who criticize the continuous talk and I admit it can be very boring just as it can be very boring in this house on occasion. I certainly trust I am not boring hon. members at this time. We believe that it is far better to keep on talking for years than to have a third world war. I am sure that all hon. members of this house subscribe to that relief. The value of the United Nations has been proven in terms of it having provided through discussion solutions to problems that otherwise would not have been solved peaceably.

The United Nations also provides the opportunity to render technical assistance to underdeveloped countries in the form of gifts and loans. I was very glad to hear the minister say that Canada is supporting an increase in the capital of the international bank. We in this group believe that is a worthwhile and forward step. We are anxious to see the development of a permanent international police force. The value of an international police force was well demonstrated in the Middle East during the crisis there. We think Canada should become a stronger voice and make greater efforts toward establishing a permanent police force—

Mr. Regier: Take the initiative.

Mr. Herridge: Yes, Canada should take the initiative as my friend the hon. member for Burnaby-Coquitlam (Mr. Regier) suggests. I cannot resist saying at this point that while the Leader of the Opposition (Mr. Pearson) took a very good stand on that question we must not forget that when the Liberals were in power there was nothing done at the conclusion of the Korean war to maintain the sort of military force in being that could have been called upon quickly to meet a similar situation.

We all know that a permanent police force does not mean the organization of large armies. I do believe the force should be permanent and its numbers strengthened. Member nations of the United Nations would be willing to supply the necessary contingents to meet a situation such as that which developed in the Middle East area or which might develop in other parts of the world.

Finally, we in this group suggest that Canada should work toward getting member nations of the United Nations to be willing to submit their difficulties to the arbitration of the international court. I know that is not an immediate possibility but it is something we should work toward as people who believe in the rule of international law.

I have almost concluded what I have to say about the United Nations, Mr. Speaker, and as it is fifteen seconds before six o'clock, may I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Herridge: Mr. Speaker, when the debate on external affairs was temporarily halted to permit members to attend to internal affairs I was presenting to the house various aspects of the foreign policy of the Co-operative Commonwealth Federation and I now want to continue. I dealt briefly with our approach to the United Nations. I now want to say that the Co-operative Commonwealth Federation is very keen on strengthening the commonwealth. We believe that this unique, this intangible organization, this group of nations whose structure and whose behaviour is almost misunderstood by many nations in the world, is a balance wheel in the whirling machinery of international affairs. We believe that our government should do everything it can toward strengthening the ties within the commonwealth. We believe that the government should seize every opportunity for co-operation and consultation with other commonwealth nations.

I must say that we were particularly pleased to hear the minister say that there were going to be increased grants toward assistance under the Colombo plan and particularly that the government was making provision to assist some of the recent additions to the

commonwealth, those young and immature Asiatic nations to whom we can be of great assistance at this time. We believe that this type of assistance is one way in which we can certainly strengthen understanding between various members of the commonwealth and strengthen the commonwealth itself. In addition, we believe that the government could be a little less niggardly in its contribution to the commonwealth parliamentary association with which this parliament is connected. Its membership is composed of the majority of the members of the House of Commons who are interested in international affairs, and if that association is going to function satisfactorily and make the contribution it should toward understanding between the various nations of the commonwealth it could do with a little more financial assistance than has been extended to it by Canadian governments.

I want to refer briefly now to the European situation. In that connection I was interested in a press report this morning on Mr. Macmillan's visit to Moscow, to which the Secretary of State for External Affairs (Mr. Smith) referred this afternoon. At the time the minister emphasized its importance and said that he was following the visit with interest. I want to quote a short paragraph or two from the report because I think this also indicates the stability of the British prime minister's outlook and his unruffled approach. That is the sort of approach which goes a long way to finding solutions to difficult problems in international affairs rather than blowing off steam and talking about massive retaliation. The report has this to say in part:

> Mr. Macmillan's speeches have been marked by an unusual combination of admiration and jibes.

A delightful combination.

> He has referred to Russian misconception of Britain as a land of Dickens; or the fact that he, unlike other prime ministers, is answerable to questions in parliament.

I think that is a wonderful little dig in the right spirit.

> At the same time he has praised the achievements of the Soviet union with a lack of inhibition which has surprised both Russian and British listeners.

Here he shows his fairness.

> "The rate and quality of your progress are indeed extraordinary and, so far as I know, unparalleled in history."
>
> Both Mr. Macmillan and Mr. Khrushchev have referred in very similar terms to the splendour of the British-Soviet alliance in the war—

We should not forget that.

> —and worsening of relations since. The prime minister's speech at the British embassy dinner has been treated by the Soviet press with obvious respect.

[Mr. Herridge.]

That is the sort of approach that engenders respect in any country. We in this group hope, regardless of the surface ruffles on the sea of diplomacy, that Mr. Macmillan's visit to Moscow will have some fruitful consequences and be part of the long and tedious period of negotiation to which we must inure ourselves.

So far as the European situation is concerned, I wish to say that there are growing indications that the vested interests of monopoly capitalism are beginning to have a serious influence on world affairs at this time and particularly in recent years. I think that that is indicated by the finger in the pie that the oil interests have had in the Middle East. We would not have had half the trouble we had with the Arabs if it had not been for the oil industry and their greed.

We also have the record of monopoly capitalism in South American countries throughout the years and recently in Cuba. So far as Cuba is concerned, we hardly heard a word about the frightful Batista regime until it was overthrown. The press kept almost complete silence on the tyranny of that regime. Now, and I am always aroused when I think of it, some of these birds are wanting to put their filthy paws on the natural resources of British Columbia.

These small groups in Europe, the Middle East and the United States are having a very serious effect and an undue influence on international affairs at this time and all democratic parliaments will have to keep their eyes open in that respect. I want to quote an editorial from the *Christian Science Monitor* of Monday, February 16, 1959. The *Christian Science Monitor* is a very well balanced and thoughtful paper, by no means radical. The editorial is entitled, "The Krupp Puzzle", and reads as follows:

> Very few persons outside the Krupp family and some employees can be happy at news that the Krupp industrial empire in West Germany is apparently being put back together and even enlarged. Yet several very practical questions are involved in whether the world war II allies can or should hold Alfried Krupp to a postwar agreement to break up and dispose of his coal and steel enterprises by 1959.
>
> Two views of the matter are presented on this page. To those still seared by memory of Nazi cruelty, the role of Alfried Krupp's father as armorer to Hitler is not easily forgotten. But today the most serious threat of dictatorial rule comes not from a revival of Hitlerism but from a Soviet empire devoted to the spread of communism. Against that threat the west needs strength in West Germany.
>
> Herr Krupp points out factually that there is no one in West Germany with money enough to buy him out.

Of course, what should have happened is that the allies should have collared the whole lot and given it to the German people as a nationalized industry.

The smaller Mannesmann syndicate has already been reorganized. The six parts of the former I. G. Farben chemical combine are likely to be reintegrated soon.

Anyone with a knowledge of history knows what the I. G. Farben chemical combine did before the war to play all sides against the middle.

The Krupp industries, of course, have made their postwar recovery without armament manufacture.

There is a certain irony in the United States assenting to the reconcentration and expansion of Krupp holdings while its department of justice carries on an anti-trust investigation of General Motors.

I think that is a very good comment.

But the West German government now has its own laws against the revival of cartels and economics minister Prof. Ludwig Erhard is a vigorous advocate of competition. There are also strong controls applicable under the relatively new European coal and steel community.

The misgivings raised by imminent revival of the Krupp industrial empire are that it will wield monopoly powers in trade and that it may form part of a remilitarized Germany.

Do not forget that the Krupp family were armorers for Bismarck, Kaiser Wilhelm and Hitler.

As to both these hazards, the best hope lies in democratically strong German government and a peace-serving sense of European unity.

Unless these can really be depended upon, this newspaper believes there is ground for the deepest reservations against permitting a revival of far-flung power in the Krupp industrial empire.

Mr. Browne (St. John's West): What paper is that?

Mr. Herridge: The *Christian Science Monitor,* a paper with which I am sure you would be somewhat in agreement. We in this group view with alarm the rising power of these people who created so much misery in the world in years past. We can readily understand the reservations expressed by the editor of the *Christian Science Monitor.* The point I was making is that these various spots in the world are having a terrific influence in the direction that serves the development of their own economy, industrial plant expansion and so on. We should be very careful and watch these developments, not only in Germany with respect to the Krupp interests but with respect to other interests in the Middle East and the United States.

I want to quote briefly from the *Foreign Affairs* magazine which contains an article by Mr. George F. Kennan entitled "Disengagement Revisited". It is contained in the January 1959 issue. In this article Mr. Kennan deals with the question of the policy of disengagement which we in the C.C.F. feel should be given some consideration and which is mentioned, I think, as the Rapacki plan. I believe the leader of the official opposition mentioned it this afternoon and said he thought there should be some investigation of the possibilities of a plan of this type, if I understood him correctly. We, in the C.C.F., believe in that, and this is what Mr. Kennan has to say in dealing with that in *Foreign Affairs* magazine. I am only going to quote a paragraph because my time is running out. I have to deal with it quickly because I am only about 10 per cent through in presenting C.C.F. foreign policy. The paragraph reads:

If, of course, the new German army were to become in organization and conceptual principle as dependent on atomic weapons as is the American defence establishment of this day—were the Germans, in other words, to place themselves in a position where they could not dispense with atomic weapons without generally emasculating their over-all military capability—then the chances for any change in the present status quo in central Europe would be practically non-existent. Confronted with such a force on the western side of the Elbe, the Soviet government, which will presumably observe a much greater prudence than has the American government about putting atomic weapons in the hands of its allies, will see no choice but to keep its own forces, themselves armed with atomic weapons, in substantially the positions they occupy today. The atomic armament of Western Germany is in fact the enemy of any real progress in the matter of unification. The western chanceries could not have been oblivious to this fact when they refused even to consider the Rapacki proposals for an atom-free zone in the centre of the continent, and when they took the decision to introduce atomic weapons into the NATO defences on German soil.

I had more to say on that, but time will not permit. We in this group do urge the government to give consideration to the possibilities of developing the plan for disengagement and to provide this zone in central Europe of a neutral Germany, Czechoslovakia, Poland and Hungary, and in so doing provide a buffer which will also permit further opportunities to deal with reunification.

In that connection, I want to place on the record the resolution adopted by the C.C.F. national council at a meeting held in Ottawa on January 24 and 25. It reads:

The C.C.F. believes that the present Berlin crisis should be seized upon as an opportunity to reopen negotiations on the whole question of Germany. In their approach to new talks the western powers should be prepared to consider, as a basis for negotiations, some of the new proposals that have been put forward in recent months.

As a prelude to negotiations and as a basis for approach in negotiations themselves, the west should make clear the following:

1. That the unilateral action of the Soviet union in insisting upon withdrawal from Berlin is to be condemned, and that the other occupying powers are obligated to maintain their position in Berlin

and their support of the democratic socialist government of West Berlin until such time as an overall settlement is reached.

2. That the Berlin crisis be considered within the framework of the German question as a whole, and that a summit conference, or at least a foreign ministers' conference, be called at the earliest possible date, for this purpose.

3. That the western powers will consider new approaches with respect to at least two matters on which our attitude hitherto has been rigidly inflexible:

(a) proposals for withdrawal of troops and creation of a neutral, demilitarized zone in central Europe.

(b) proposals for a loose federation of the governments of West and East Germany as a first step toward the holding of free elections throughout all Germany.

The C.C.F. firmly believes that a more flexible approach along these lines is the minimum to be expected from the west as an indication of our willingness to negotiate outstanding problems and to seek out every possible path to a peaceful solution.

The minister asked for positive proposals, and that is another positive proposal I present on behalf of the members of the Co-operative Commonwealth Federation who sit in this house at the present time.

Mr. Speaker, I have a word or two to say about the Middle East. A development plan of broad and imaginative scope, using oil revenues and international loans, might yet prove the salvation of the situation, both from the viewpoint of internal Arab needs and the western stake in a peaceful non-communist settlement in that area. But it is likely that at this stage something even more far-reaching is required, something along the lines of the 1958 C.C.F. national convention resolution. This resolution proposes that the Arab peoples should be assisted through the United Nations to take over full ownership and control of their oil resources in a peaceful and orderly way, so that the wealth accruing from oil could be used for the welfare of all the people in the area.

This major step is certainly more far-reaching and imaginative than anything yet suggested. It could serve a multifold purpose. It would enable the United Nations to give much more assistance than has hitherto been possible by the establishment of an international Middle East development commission to assist the economic development of the area and ensure the raising of living standards for the peoples of those areas.

The C.C.F. proposal could serve as a positive step toward wresting the initiative in the Middle East from the soviets. It would help to offset the deep-rooted anti-westernism, anti-imperialism and anti-colonialism, which makes every western move suspect. Properly planned, it could encourage the Middle East nations to develop along democratic lines and halt the totalitarianism, which is a serious threat to political, economic and social progress. It could turn Arab nationalism to constructive objectives, keeping their peoples so occupied with their own advancement that they would cease to aggravate and be aggravated by the various conflicts in the area, including their bitter feuds with Israel. It could ensure the availability of oil and oil products to all nations which require them at world market or contract prices, without fear that the flow would be cut off. For if the west needs eastern oil, the east needs the west as its customers. One cannot get along very well without the other; and western oil resources and control of oil tankers are good enough to give the western nations reasonable bargaining power in determining the conditons of their petroleum purchases.

I see, Mr. Speaker, that my time has almost expired. I do want to say how disappointed we were to hear the minister say that the government has decided not to recognize China at this time. I listened to the minister's reasons with interest. I thought his legal reasoning was somewhat faulty when he said they refused to recognize all their international obligations. I think the minister will recall that we recognized the Soviet union before it recognized its international financial obligations with respect to foreign loans abroad, and that has happened with one or two other countries. In any event, we are very disappointed because we believe that there is, shall I say, a growing demand from the Canadian people generally for recognition of the government of China and its admission to the United Nations. I could quote from various periodicals, and I have a number of them here, but I will not have time to quote them.

We believe we should recognize the government of China. We should finally arrange with the United Nations to take over the operation of Formosa and have a free vote so that the people of the island of Formosa could determine the form of government under which they wish to live. In Canada labour organizations, industrial leaders and bank managers, particularly Mr. Muir who made a visit to China, and representatives of all groups have urged the recognition of China as being in the interests of world peace and the admission of China into the United Nations.

This afternoon the minister stated that you cannot deal effectively with such problems as disarmament, control of nuclear weapons and so on until they are part of the United Nations and that our efforts in that direction

will be very limited and not at all effective. Therefore in concluding my remarks may I say that we in this group urge the government to give consideration to the recognition of China and the admission of China to the United Nations in response to the growing demand on the part of an increasing number of Canadians in all walks of life who apparently have a better appreciation of the realities of the situation than has the government at this time.

Hon. W. J. Browne (Minister without Portfolio): Mr. Speaker, the Secretary of State for External Affairs (Mr. Smith) in his most interesting statement this afternoon dealt with many of the most important international matters in which Canada is interested. I should like to join, first of all, in the tribute which he paid to Mr. Dulles, the secretary of state of the United States, and in the good wishes which he expressed for his speedy recovery from his illness. To my mind it has been most heartening to see the change in attitude that has taken place in the press concerning Mr. Dulles. Last year, when the world was going through various crises, many of the newspapers were heaping scorn and ridicule on Mr. Dulles and were criticizing him for being so uncompromising. Letters were sent in—and these could easily have been sent in by supporters of the communists—to the state department in the United States criticizing him and asking that he be removed. His reply was that he was not engaged in a popularity contest but in work of an international character of benefit to the whole world. I am sure we all hope that his disability is only temporary. I may say, Mr. Speaker, that I have been an admirer of Mr. Dulles for a long time because of his great devotion to principles. Certainly the world owes to him a great debt for the stand that he took and for the character that he displayed despite the tremendous pressures that came from all sides against him last year.

When the Leader of the Opposition (Mr. Pearson) was speaking about China I took down what I thought he said as to the number of supporters that backed the United States in supporting their motion not to have the admission of China considered at the United Nations, and I thought he said 32.

Mr. Pearson: No, Mr. Speaker; it is quite the reverse. I said I thought there were 32 members that supported discussion of the matter in the United Nations.

Mr. Browne (St. John's West): I have here the account of the United Nations proceedings when this matter was brought before the general assembly. I have here a list of the votes. The final vote on the United States motion that the question of China should not be considered was 44 votes in favour of the United States motion to 28 against, with nine abstentions. As the Leader of the Opposition knows, it is necessary to have a two-thirds vote in order to change the position as it is today.

I also noticed that the Leader of the Opposition referred to the offshore islands in an extremely offhand manner and indicated that they should be returned to the mainland. He spoke about their menace to mainland China. I expect he will agree with me when I suggest to him that maybe both Mao Tse-tung and Chiang Kai-shek attached the same importance to Quemoy and Matsu as Mao Tse-tung attached to the area that Mao Tse-tung occupied back in 1934 and 1935 when he was driven to the province of Shensi with only 5,000 followers at that time; from that small nucleus he built up an army with Russian help and was able to conquer the mainland. Maybe both of them had that in mind.

I was interested to note his generous concern that Formosa would not be put under Peking. I am glad to know that he feels that way. My friend the hon. member for Kootenay West (Mr. Herridge) was even more considerate and thought a referendum should be taken on Formosa. But what about having a referendum on mainland China—did either of the hon. gentlemen propose that procedure—in order to see where those people would like to go?

Mr. Herridge: Does the minister propose it?

Mr. Browne (St. John's West): I believe both of my hon. friends supported a summit conference. I wonder whether Mr. Khrushchev's eagerness for a summit conference derives from the success which his predecessor had in summit conferences at Yalta, Potsdam and Geneva. I think the Leader of the Opposition certainly must be aware of the fact that it was as a result of Yalta that Russia occupied the strong position vis-à-vis Germany that she does today.

Mr. Herridge: I heard of a summit conference called by those who did not want Newfoundland to enter confederation.

Mr. Browne (St. John's West): I did not know about that. There are dangers in summit conferences, I think, unless the ground has been properly prepared by a foreign ministers conference in the first place and I believe the hon. member for Kootenay West stated that during his remarks. I tried to follow the hon. member for Kootenay West in his suggestions.

Mr. Herridge: I am honoured.

Mr. Browne (St. John's West): I tried to follow them carefully I must say. I note that his party supports the United Nations. I think we all support the United Nations so there is no disagreement between us on that point. He speaks about strengthening the commonwealth and he said that our government should do everything that it could. I think there was never a government in the history of Canada that has the commonwealth so much in mind as has this government.

And with regard to the Colombo plan, it was announced by the Secretary of State for External Affairs this afternoon that we are giving $50 million a year for three years for the assistance of those countries under the Colombo plan. That is the greatest amount that has ever been given as yet.

Mr. Herridge: I am glad.

Mr. Browne (St. John's West): The hon. member for Kootenay West I think made reference to peaceful coexistence between Mr. Macmillan and Mr. Khrushchev and he spoke about the nice words they said to each other. That was not peaceful coexistence. I can give him a better example than that. That was good neighbourliness, talking like that. If you want an example of peaceful coexistence you only have to read the paper tonight to find one, where the two of them sat together during a Romeo and Juliet play without speaking a word to each other. Mr. Khrushchev walked out of the show and stayed outside during one of the scenes of Romeo and Juliet. That is peaceful coexistence. I do not think we could get a better example of it than the two of them sitting side by side and not speaking a word to each other.

Mr. Herridge: But not fighting.

Mr. Browne (St. John's West): But not fighting.

Mr. Herridge: It is better to talk than fight.

Mr. Browne (St. John's West): I do not know about that. The hon. gentleman referred to West Germany and he read something from the *Christian Science Monitor* about the Krupp interests. I was wondering what lesson he wanted us to draw from that. West Germany today is not the Germany it was prior to 1939 nor yet is it the Germany it was prior to 1914. In the first place Germany has been divided into two, namely into East Germany and West Germany. In the second place, West Germany has a different type of government entirely from that which it ever had before. In the third place, it is a member of NATO and is on our side. In the fourth place, we have armed Germany. We have control of the arming of Germany and therefore West Germany is an ally of the west. I gathered from the gist of his argument that he dismissed West Germany as an ally. I think it would be a fundamental mistake if we did, because West Germany possesses great bodies of skilled people, people who are amenable to discipline, and who could put strength on our side.

Mr. Herridge: I was quoting what the social democrats in Germany were saying.

Mr. Browne (St. John's West): The social democrats are the same as the C.C.F., and the same as Mr. Gaitskell in England.

An hon. Member: And Willy Brandt.

Mr. Browne (St. John's West): Willy Brandt too. Mr. Speaker, I had the privilege last fall of acting as vice-chairman of the Canadian delegation at the thirteenth session of the United Nations which opened in New York on September 16. The chairman was, as he himself told you this afternoon, our Secretary of State for External Affairs. The other members of the delegation were the hon. member for Durham (Mr. Vivian), the hon. member for Queens (Mr. Macquarrie), the hon. member for Roberval (Mr. Tremblay), Senator Gunnar S. Thorvaldson, Mr. Jean Morin of Montreal and Mrs. W. T. Hayden of Halifax, Nova Scotia. The members of this house who attended as observers at various periods were the hon. member for Brome-Missisquoi (Mr. Grafftey), the hon. member for Sherbrooke (Mr. Allard), the hon. member for Parry Sound-Muskoka (Mr. Aiken), the hon. member for Okanagan-Revelstoke (Mr. Fleming), the hon. member for Oxford (Mr. Nesbitt), the hon. member for Mackenzie River (Mr. Hardie), the hon. member for Humber-St. George's (Mr. Batten), the hon. member for Burnaby-Coquitlam (Mr. Regier), and the hon. member for Skeena (Mr. Howard).

This was my first visit to the United Nations, and I hope the house will bear with me while I give some impressions of some of the issues which were discussed at this session. I had imagined before I went to the United Nations that it was something like parliament, and I was not disappointed. There are three main buildings down there. There is the secretariat with 38 storeys; the conference building with a great number of conference rooms, all of which are fitted for sound and provide simultaneous translation into five different languages, English, French, Spanish, Russian and Chinese. Then there is the main building, the general assembly, where on opening day 81 nations met from the

different parts of the world under the chairmanship of Sir Leslie Munroe, the chairman of the New Zealand delegation. The great hall was overcrowded on that opening day. I believe there were 58 foreign ministers in attendance, together with several hundred delegates, observers and advisers from the five continents.

The meeting opened with a minute of silence for prayer and meditation and then Sir Leslie Munroe, who was retiring from the office of president, addressed the assembly. One thing he said which I remember was that "it was not so much in what they said but in what they did that the members of the United Nations would prove that they adhered to their charter undertakings". The assembly then elected Dr. Charles Malik of Lebanon as its president. Dr. Charles Malik has been a delegate to the United Nations for many years, and I am sure most hon. members have heard him on the radio from time to time. He is well equipped by knowledge and experience, as well as ability, to fulfil competently the requirements of this exalted office.

The assembly then proceeded to a general debate much like a debate on the address in reply to the speech from the throne. Our Secretary of State for External Affairs spoke vigorously at considerable length on various important international matters which were to come before the organization during the thirteenth session. A general committee was then appointed to consider the items on the agenda. There were 73 different items, and the duty of the general committee was to allot them to various committees.

There are seven committees, and most of the work, after the general debate has taken place in the general assembly, is done in these seven committees. There are two political committees, the first committee and a special political committee. Then there is the second, third, fourth, fifth and sixth committee. The first committee deals with political matters and so does the special committee. The second committee deals with questions of technical aid to countries who need it and economic assistance to the same countries. The third committee deals with economic and social organization, with refugee problems and with drafting the covenant for human rights and fundamental freedoms. The fourth committee deals with trusteeships and the non-self-governing territories in Africa. The fifth committee deals with financial and budgetary questions, and I might say that that is a very difficult committee on which Mr. Tremblay served so well. The sixth committee deals, amongst other matters, with the question of the law of the sea, a subject in which Canada was greatly interested.

In addition to the members of the delegations and the observers from the House of Commons, we were accompanied by expert advisers from the Department of External Affairs. Canada, as the hon. member for Kootenay West pointed out this afternoon, has a permanent mission to the United Nations like other countries. Mr. Charles Ritchie is our present ambassador there, and he and his very competent staff joined with those who came from Ottawa to constitute the Canadian delegation.

Here I should like to do as the hon. member for Kootenay West did and pay a well deserved tribute to the diplomatic and general ability of the external affairs officials for the keen and well informed interest they are taking in international affairs. I am sure all members of the House of Commons who formed part of the delegation will endorse what I am now saying. I should also like to thank the other members of the delegation for the excellent manner in which they performed their duties.

Canada was honoured by having the hon. member for Durham elected vice-chairman of the second committee. Some of the delegates had to work harder than others. I am referring especially to the hon. member for Queens. His committee worked mornings, afternoons, nights and sometimes late into the next morning on the very contentious problems which arose in connection with the trusteeships and the non-self-governing territories in Africa. Personally, being a newcomer to the scene, I thought I would devote my attention to the work of the special political committee, and with your permission, Mr. Speaker, I would like to make some observations on the problems which were considered there.

We dealt with the policy of apartheid of the government of the Union of South Africa. I will explain that in a moment. We dealt with the United Nations emergency force, with the progress report by the secretary, and also with the summary study to which reference has been made by previous speakers. We dealt with the report of the director of the United Nations relief and works agency for Palestine refugees in the Near East, as it is called. We dealt with the very interesting academic question of measures aimed at implementation and promotion of peaceful and neighbourly relations among states. We also dealt with the question of the treatment of people of Indian origin in the Union of South Africa. That question was very much

like the first question I mentioned, the policy of apartheid in the government of the Union of South Africa.

Apartheid means separation of the races. It is very much like the dispute which has been going on in the southern states of the United States—segregation. It is the policy of the government of South Africa that white people and coloured people should live apart, living according to their own traditions, cultures, and have a separate civilization. They have taken positive legal steps to see that that is carried out. The representative of the foreign minister of the government of the Union of South Africa objected to this being considered, and he raised the point that this was beyond the powers of the assembly. Since this is a matter which is frequently brought up, I think I should read the section of the charter to which he was referring. Article 2, section 7, says:

> Nothing contained in the present charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state or shall require members to submit such matters to settlement under the present charter.

Mr. Louw contended that this was a purely domestic matter, that these questions of apartheid and the treatment of South Africans of Indian origin were both domestic. He refused to attend meetings when these matters were being discussed. The attitude of the South African government was shared by very few members of the United Nations. May I say at this point that the white population of South Africa amounts to only three millions compared with 11 million non-white inhabitants. Our delegation recognized that a solution of this problem which has been in existence for many years, was not going to be easy. Nevertheless we in this country have no sympathy with such a policy as that which the government of South Africa is pursuing.

We have before us now a bill of rights which will grant formally to our citizens the rights which are being taken away from residents of South Africa because of discrimination on grounds of colour in the Union of South Africa. We consider, also, that the policy of apartheid or segregation is contrary to the spirit of the United Nations charter, because several of the sections of the charter say that the purpose of the United Nations is to achieve international co-operation in solving international problems and in promoting and encouraging respect for human rights and fundamental freedoms for all without distinction as to race, sex, language or religion.

We knew that the policy of South Africa had become set and that it would be very difficult for them to change it. Certainly they could not change it over night. We remembered, to, that the white population in South Africa numbering, as I have said, three millions, is the biggest white population on the whole continent of Africa and must be compared with a population of 200 million people who are not white in colour. Thus the position of the government of South Africa is a very difficult one and those hon. members who have been reading the newspapers in the last few days will have noticed that there have been uprisings in various countries in Africa and that the people there are clamouring increasingly for independence. The spirit of nationality which was talked about so much after the first world war in terms of self-determination has certainly broken out anew in Africa, as it erupted in Asia previously.

All over the world there is concern about South Africa's racial policies and this was evident in the debate which took place during the thirteenth session. It was our opinion that any resolution to be brought in should take into consideration that the position in South Africa was exceptional and very difficult, and that we should not expect too much at one time. The resolution when drafted read something like this:

> In a multi-racial society, harmony and respect for human rights and freedoms and the peaceful development of a unified community are best assured when patterns of legislation and practice are directed towards ensuring equality before the law of all persons, regardless of race, creed or colour, and when economic, social, cultural and political participation of all racial groups is on a basis of equality.

This is an ideal to which all members of the United Nations are striving, and since it is spoken of so freely in the charter it appeared to us that all members of the United Nations were bound to practice what they subscribe to. General Smuts was one of the original signatories to the charter of the United Nations, but it seems that since his day the government of South Africa has altered its views somewhat.

We regretted that this matter was being considered so frequently year after year. We have a special interest in South Africa because, like ourselves, South Africa is a member of the commonwealth of nations and in two world wars our forces have fought side by side. Ties are strong, so it was difficult for Canada to take a positive attitude in this matter against South Africa. However, we felt that this principle was very important and we did support the resolution. It was very moderate in tone and the whole tenor of the debate was very temperate. We took a part in drafting the resolution so that it would be inoffensive to South Africa. We pointed out in our

statement that if South Africa would take a second look at its policies, and reconsider them in the light of the universal opinions which had been expressed on all sides against the policies they have been following, we believed they would change their policies, and that the world would congratulate and praise them for changing their attitude in this respect. The resolution was, of course, adopted. This was the first time Canada had supported a resolution of this kind. I am sure all members of the house will appreciate that we have nothing but good wishes and good will for the government of South Africa. We trust that before the fourteenth session of the United Nations comes around the change we hope for will have taken place.

The special political committee had before it for consideration a progress report of the United Nations emergency force to which reference has already been made by the Secretary of State for External Affairs and by the Leader of the Opposition. Hon. members will recall that this emergency force was formed very quickly in 1956 when the United Kingdom and France attacked Egypt and when Israel attacked Egypt at the same time. Within a very short time the force was in action separating the combatants. It has been there ever since, and during the past year it has done exceptionally good work. About 5,500 men are in the force at the present time. India has the largest number but Canada has the second largest contingent, about 1,000 men. All are under the command of Lieutenant General Burns who has been in charge of the force since it was organized.

The report showed that the force has functioned smoothly. General Burns himself was present and gave evidence and I recall him saying: "You can go to the demarcation line and you can see Egyptians on one side plowing their land and on the other side you can see the people of Israel going about their business." General Burns and his force were the recipients of congratulations from a great many delegates for the splendid work they had done since the force was established.

In addition to this we have another report from the secretary general of the United Nations. This was also referred to earlier this afternoon in support of the argument that there should be a permanent international police force. I have in my hand an advance text of the report of the secretary general which he calls a summary study of the experience derived from the establishment and operation of the force. This is a lengthy document containing approximately 75 pages and it refers in detail to all features of the experience of the United Nations emergency force. Actually it would seem unwise for the secretary general and the staff to let the opportunity go by of studying carefully the various features of the operation of the emergency force: what were the defects of its organization and operation? But let no one think it is easy to keep the force going. In the first place it is difficult to get personnel. They are limited for you cannot take them from any permanent members of the security council nor from the countries that are concerned and the host country may have serious objections to any particular country that wishes to supply troops.

When it comes to the question of paying the shot toward the United Nations emergency force there are various matters to be considered. I could not help smiling this afternoon when the hon. member for Kootenay suggested that the force that was used in Korea might have been kept going. That would have cost billions of dollars instead of millions and I think it would have been extremely difficult if not impossible.

Mr. Herridge: Mr. Speaker, may I explain to the hon. gentleman that I did not intend to convey that meaning. I suggested that it could provide the foundation for such a force.

Mr. Browne (St. John's West): A foundation is something to build on and if you were to take the troops that were in Korea and build on them you would have a big army. I do not quite understand what the hon. gentleman meant.

Mr. Herridge: I was referring to the principle.

Mr. Browne (St. John's West): However, I know what he had in mind. The hon. member feels there should be a permanent force. That is what the secretary general attempts to discuss in this study but this report was never debated. We were to consider it in our committee but word got around that we were going to have an opportunity to discuss it before the general assembly. We went before the general assembly where the secretary general made another brief statement in which he gave some reasons why he made this study. He indicated that there was no need for the assembly or the committee to take further action. The president then did a strange thing. He said, "You have heard the secretary general and I suppose there is no one who wishes to speak," and so the matter was concluded and no one had anything to say about this valuable report. However, it has been compiled and is available and all those who are interested or concerned may obtain a copy and draw their own conclusions. In the meantime there is nothing to prevent General Burns or the secretary general from making further observations as

time goes on, although we must keep in the back of our minds this question: how long will the emergency force be an emergency force and how long will it stay there?

I am sure hon. members will agree that the action of the secretary general was dictated by wisdom. It would be unfortunate indeed if the experience gained during the past two years should be lost.

I do not know how much time remains at my disposal.

Mr. Speaker: The hon. member may continue for approximately five minutes.

Mr. Browne (St. John's West): I did not realize the time was going so fast. Another matter that we considered was the question of UNRRA—a most interesting subject—the United Nations relief and works agency in Palestine. Hon. members may recall that in 1948 the United Nations set up the state of Israel and as a result of the division of Palestine to provide for the establishment of that state there are now one million refugees in the four neighbouring countries of Egypt, Lebanon, Syria and Jordan. The number of refugees in Jordan constitutes approximately 33 per cent of the population and they have been living in misery at the expense of some of the members of the United Nations. At this point it comes to my mind that the soviet bloc has not contributed one cent to the cost of the United Nations emergency force or to the cost of UNRRA. It costs $36 million a year to operate UNRRA and that must come from voluntary gifts from different members of United Nations.

This subject was particularly interesting because the Arabs felt that this was a United Nations problem. They seemed to be against any solution but one and that was that the refugees should be re-established in their homelands. They felt they should be sent back to Palestine and given their land back again. Israel, of course, does not want that. In the thirteenth session, for the first time, Israel made the offer to pay compensation to the dispossessed refugees. They did impose certain conditions under which compensation should be made but it was important to note that the offer was forthcoming. They also offered to take a certain number of the refugees who had relatives in the state of Israel. The chief spokesman for the refugees was Mr. Shukairy the representative of Saudi Arabia at the present time. I do not know if my hon. friend the Leader of the Opposition knows him, but in very dramatic appeals—

Mr. Pearson: He used to represent Syria in my day.

Mr. Browne (St. John's West): Yes. He himself is a Palestine refugee. He made some very pathetic speeches in support of the refugees. The permanent representative for Israel and the ambassador to Canada were also present and spoke on behalf of Israel. It seems to me that the Israeli government having made the offer of paying compensation provided a basis on which to work. I feel that the governments of the countries where the refugees are now stationed should discuss with the government of Israel how this question could be resolved because each year the number of refugees is growing and the cost is $36 million annually. The acting director of the agency, Mr. Leslie J. Carver, said there were some bright spots. People who had been living winter and summer in tents, numbering hundreds of thousands, were now willing to accept permanent buildings which he thought was a good sign. Also, through a system of loans he was able to establish some people in business which was also helpful but he did not have enough money to carry this on on any grand scale. In any case, it was decided that the agency would carry on for this year but as the mandate of the agency will be up in 1960 it will be extremely important in the session that will take place next fall to try and find a solution to this very serious problem.

There was one subject discussed at the United Nations which seems to me merits some attention. The delegate from Czechoslovakia sponsored a resolution dealing with the question of peaceful coexistence between states but in the general committee which was appointed to consider the items this was amended to read, "Measures aimed at implementation and promotion of peaceful and neighbourly relations among states." I feel that most people prefer that language because "peaceful coexistence" is a mysterious expression which members of the soviet bloc are continually using. They have some meaning of their own which they apparently attach to those words. They appear to have a certain understanding of that expression. Members of the soviet bloc attached great importance to the debate on this subject in its original form. They attended with their speeches all prepared and delivered them despite the fact that there had been an amendment.

But it seems to me that is a subject on which we should be well instructed. It seems to me also that hon. members should remember that the aim of the communist countries is world domination. Communism was established by Lenin in 1917 with one object in mind, controlling the whole world. Even at that time he thought there were going to be revolutions in neighbouring countries such as Germany and offered assistance to them.

He thought that in his lifetime a considerable portion of the European area outside of Russia would become communist, and it was at that time that he rendered assistance to the people in China who formed the communist party of that country. The communist party in China still contains many of the original members. I am sure there must be 20 or 25 of the top brass in the communist party in China who learned their communism from Lenin or his immediate successor and of course a great many of them were sent to Paris to study communism in France. Chou En-Lai was one of those.

Mr. Speaker: Order. I am sorry to interrupt the minister but I must inform him that his time has expired.

Hon. Paul Martin (Essex East): Mr. Speaker, I trust that the hon. member for St. John's West (Mr. Browne), Minister without Portfolio, will not expect me to comment on the speech he has just delivered. However I should observe, as the first speaker after him, that I was disturbed by his response to the intervention made by the hon. member for Kootenay West (Mr. Herridge) who said, while the hon. gentleman was speaking, "Better to talk than to fight." The minister replied: "I don't know about that". I should have thought that by this time—

Mr. Browne (St. John's West): Mr. Speaker, may I make an observation? I do not think I heard what the hon. member for Kootenay West said. I did not realize what he had said until afterwards and it certainly was not my idea that it was better to fight than to talk.

Mr. Martin (Essex East): I was about to observe that it would be regrettable if any hon. member today, in the face of the tragic events that pursue us, took the view that we should resolve our disputes with other countries not by pacific means but by the use of force. The correction that the hon. gentleman has made is, of course, fully accepted.

The Secretary of State for External Affairs (Mr. Smith) covered a wide front today. I thought I would deal tonight with one phase of the situation in the Middle East. Before doing that, I should observe that we might have taken advantage of this debate today to hear accounts of the experiences of some members of the government who in the course of their duties have visited foreign lands since the last session. The Minister of Finance (Mr. Fleming) made an extensive visit to the Far East and this might have been an appropriate occasion to hear about the conference which he attended and likewise some of the other experiences which were his during that trip. The Prime Minister (Mr. Diefenbaker), of course, could not be in the house after the orders of the day because of an indisposition but, as the Leader of the Opposition (Mr. Pearson) said, we will look forward to a report from him on the tour he made not only to the Far East but to Europe as well, a report which at the beginning of the session he intimated would be given at the first opportunity when there was a discussion of international affairs.

Last August I decided, as some hon. members will remember, to make a private, personal trip to the Middle East to formulate some impressions and to gather information about a situation which at that time occupied our attention in the house, later in the United Nations, and which for some time after the month of September continued to occupy the attention of those who are interested in the easing of international tension in the peaceful relations of states.

Mr. Monteith (Perth): Did the hon. member travel as the hon. member for Essex East or as minister of national health and welfare? There was a report came back about that.

Mr. Martin (Essex East): I could not very well travel as minister of national health and welfare.

Mr. Monteith (Perth): There was a report came back.

Mr. Martin (Essex East): There are many reports. I hope by hon. friend will take advantage of the opportunity to improve his mind by engaging in some travel. In commenting on the Middle East today the Secretary of State for External Affairs made a number of observations. He said first of all that we can now look at the situation in that sector with cautious satisfaction. He also observed that on the Arab-Israeli front some unrest prevails, particularly on the Israeli-Syrian border. He further observed that we must continue to support the work of the United Nations in that area as an effective agency for providing peace and international collaboration.

Then he gave what I thought was a satisfactory account of the neutralist policy and neutralist tendency of certain countries in the area. I must say that I thought his statement with regard to the Middle East was one with which I would generally concur.

I went to the Middle East at a time when there was civil strife in Lebanon, shortly before the revolution in Iraq which had been marked in its initial stages by the assassinations of King Faisal and his prime minister, Nuri es-Said, events which had caused the government of the United States to dispatch marines to the shores of the Mediterranean at Beirut in Lebanon and Her

Majesty's government in the United Kingdom to send forces to protect King Hussein of Jordan and provide for stability in that little country. These events were discussed in this house, last summer, as indeed they began to be discussed in the United Nations on August 13 last.

I want to thank the Secretary of State for External Affairs for his co-operation in facilitating my access to certain individuals in some of the countries I visited. I wish to acknowledge at once the co-operation I received from Canadian personnel in every place I went where we have missions. I visited Lebanon, the United Arab Republic, Jordan, Iraq and Israel. I was afforded the opportunity in all these countries to see the heads of governments and in all cases but one the foreign ministers and as well, of course, other individuals from whom I was able to gather impressions and ideas. I believe that the house would expect me to say something of these impressions and this journey.

In Lebanon the government of President Chamoun was one that had not been disposed during its tenure of office to give support to the over-all objectives as stated by President Nasser, both with regard to the matter of Arab unity and certain aspects of Arab nationalism as enunciated by President Nasser. President Chamoun, in the conversation which I was privileged to have with him, had no hesitation in affirming that he did not share the objectives of President Nasser nor his general policy toward the Soviet union. On the other hand, the present president of Lebanon, General Chehab, who had not yet been installed in office, told me that he felt that in the interests of Lebanon itself there should be support by Lebanon for the general purposes of Arab unity and Arab nationalism as stated by President Nasser. General Chehab indicated his desire to do everything that would assist in the establishment in fact, if not in law, of the neutral position which Lebanon feels she should occupy vis-à-vis Europe and vis-à-vis her sister Arab states.

The Secretary of State for External Affairs will remember that when he spoke on this question last summer he put forward the view that by some form of international guarantee an attempt might be made to bring about the neutralization of Lebanon. My view is that it is not possible to do so in the manner suggested, and that the best we can hope, for some time at any rate, is the sort of informal arrangement which General Chehab is now pursuing as president of the little state of Lebanon. There can be no doubt that President Nasser is the single, dominant figure in the Arab world. While at the present time the lack of full accord between the government of Iraq under Prime Minister Kassam and President Nasser would seem to indicate that Prime Minister Kassam is undoubtedly a personality of the greatest significance in the area, I do not think that anyone will deny the great influence which President Nasser occupies generally throughout the Arab world.

I would not want the house to think any impressions I have are based solely on the talks which I had the privilege of having with President Nasser. However, undoubtedly one is influenced by one's conversations with individuals who have, at the moment, great authority in their respective countries. I would not be true to my impression if I did not say that I was impressed with President Nasser. This does not mean to say that I do not have great reservations with regard to some of his policies, but I think I should say in this attempt to be objective, trying to fully assess the problems of the area, that there has been some misunderstanding of his motives and policies. I am satisfied that while the commitments he has made to the Soviet union are great, those commitments do not amount to his acceptance of the communist ideology. Indeed, only a few days ago, at a meeting in Damascus with President Tito, he made clear what his position was with regard to communists, both in Syria, now an integrated part of the United Arab Republic, and in Egypt.

As a matter of fact, I think it could be established that the integration of Syria with Egypt was largely brought about because of the fear Syria had become dangerously committed to the Soviet union and that this form of union would be one method by which the dangers of such a commitment could be mitigated. In any event, I think that we will not serve the cause of peace if, in the absence of a careful assessment of the situation, we charge the present government of the United Arab Republic as being fully in sympathy with communist ideology. I am sure that that is not the case.

There can be no doubt, Mr. Speaker, that the United Arab Republic is receiving great assistance from the Soviet union. President Nasser told me that it was only after the refusal of the government of the United States to maintain its policy of financially assisting the Aswan dam project, its refusal to extend credit terms to Egypt to permit that country to buy wheat, the intervention by the government of the United States with regard to the volutary CARE program designed to feed the children of Egypt, that as a matter of last resort he appealed to the then Premier Bulganin, for assistance

from the Soviet union. I am sure that economic and other assistance will be welcomed by Egypt and other Arab countries from the United Nations or from individual governments.

But it was pointed out to me, both by President Nasser and by Dr. Fawzi, his foreign minister, that under no circumstances were gifts being received from the Soviet union, nor were they going to be solicited from any other quarter. What they wanted was satisfactory credit terms to enable them to make purchases. In any event, the situation now is that the United Arab Republic, and particularly Egypt, a country with a very low standard of living, does need assistance. The same impelling motives that caused us to give assistance to the countries of south and southeast Asia will, I am sure, cause us in due time, possibly through the intermediary of the United Nations, to give assistance under satisfactory conditions to undeveloped areas in the Middle East.

Indeed, President Eisenhower on August 13 did propose to the United Nations that there should be set up an Arab development institution for the purpose of providing economic assistance to the Arab countries. He indicated that the government of the United States would be prepared to give assistance through that body, an organ which should be operated by the Arab nations themselves and which should be based on a concept which they, themselves, should initiate. On this point President Nasser indicated, in welcoming the suggestion of President Eisenhower, that the Arab league itself had some two years before set up an institution of this very kind for the purpose of providing a vehicle to give assistance which might be given from any quarter. I have since examined this, and I find that it is true that the Arab league did set up such a body and at least one Arab country, Saudi Arabia, did make some contribution out of its resources toward the objective intended.

But I fully agree with what the Secretary of State for External Affairs said, that there will have to come to that area, I would think through the United Nations and a body such as that suggested by the President of the United States, assistance for the people particularly in the transit countries to enable them to improve their standard of living. If we do not do that, what the Soviet union has begun to do it will continue to do on an increasing scale. Certainly no one could visit Bagdad, the capital of Iraq, as I did without seeing the evidence, even six weeks after the revolution, of the assistance being accorded by the Soviet union to that country, a country in population as great as Egypt and economically more powerful because of its oil resources; a country that is now becoming the object of the attentions of the Soviet union on an alarming scale as the Secretary of State for External Affairs, with his access to sources not now available to us, knows even better than I.

The west, whatever may have been the mistakes in the past, and I am sure we will all agree that there have been mistakes and misunderstandings, will have to recognize that it has an obligation to these people just as we have an obligation to certain other undeveloped countries of the world.

Mr. Macdonnell: Would the hon. gentleman permit a question? It is this: Did he find in the president of the Arab republic any desire to move toward a less despotic and more democratic form of government?

Mr. Martin (Essex East): I may say that I suggested to President Nasser that the Syrian parliament was no longer in existence. There was the statement of the former foreign minister, Mr. Batar of Syria, who had a notable part in bringing about the union, that there would be set a deliberative assembly of some kind at the earliest possible moment; and President Nasser did say, as he subsequently announced only about ten days ago, the intention to set up some form of deliberative body that would bring together not party opinion—because party opinion is not tolerated under the law—but some kind of body that would permit popular discussion under certain limitations. But I think I must say at once to the hon. gentleman that no one would pretend for a moment that with the high measure of illiteracy—almost 80 per cent—it is possible in those countries, basically feudal in character, to develop the kind of demoratic representative institutions that we have without great preparation. I think that we have to realize that one of the misconceptions under which we have suffered in the past is that we have thought that in the Middle East, and in the Arab countries in particular, it would be possible forthwith to establish democratic parliamentary systems such as our own. I am sure that is one of the misconceptions under which we have pursued our analysis.

The situation at the present time is that it would seem that the government of Iraq is not likely to give effect to the bold declaration of intended union with the United Arab Republic made by Prime Minister Kassam, with whom I was given the opportunity of conversation. It would seem that there is no likelihood, notwithstanding the

declarations made on the night of the revolution, that there will be any merger in the foreseeable future between Iraq and the United Arab Republic.

The house will recall that a few weeks ago Prime Minister Kassam caused to be dismissed from his government some five or six ministers, some of whom were protagonists of union with the United Arab Republic. The deputy prime minister, one of the leaders of the resolution, General Aref, has been found guilty of treason—and I believe his sentence has been already imposed—because it was alleged that he and some others had taken a strong stand once the new government was formed to bring about a union with the United Arab Republic.

I agree that it is no concern of ours whether or not Iraq joins with the United Arab Republic. That is not the point. I would say that if we want to give evidence of our good faith in this matter we should recognize that that is a decision that belongs to the people of Iraq and the United Arab Republic. It is a decision that belongs to the people and the governments of the countries concerned. By these observations I am not suggesting any form of intervention whatsoever.

Then the situation, of course, at the time was aggravated by the disturbed conditions in little Jordan, a country that is divided against itself, a country that was set up in 1921, with much artificiality I think, in spite of the great qualities of courage and adventure which the little king possesses, and which are serving as an important stabilizing factor at the present time. But Jordan, a country of about one and one-half million people, one-third roughly of whom are refugees—a country, as I say, that is divided against itself—is a key territory in the disturbed situation that prevails in this section of the Middle East.

When I was in the Middle East, everywhere I went the argument was made that King Hussein's regime could not last very long, and that we would see a combination of the forces of Iraq and of the United Arab Republic on the west bank, a situation which would provide for Israel important and dangerous security circumstances which would cause her to give careful consideration to the action she should take.

Since that time nothing serious has eventuated—and I agree again with the Secretary of State for External Affairs—because of the work of the secretary general of the United Nations in particular and the great authority given to his endeavours by the resolution proposed by eleven of the Arab states some time about the middle of August at the special general assembly, and the wide support given to that resolution by the general assembly itself with, I think, only one abstention.

I come back to this point. I endeavoured in the small and limited way that I had at my disposal to impress upon those with whom I came into contact that the intentions certainly of Great Britain and those of the United States were honourable. We knew these countries and we wanted the Arab people to understand that there was no desire to impose any form of colonial control in any step or policy being pursued by western countries. I am satisfied that in order to impress that fact upon the people in the Arab countries we must realize that we have suffered under certain great misconceptions. It is often suggested that if President Nasser were overthrown and the Soviet union were rendered impotent, tranquility would reign in the area. That is a great misconception. We should remember that history and the mercurial temperament of the Arab countries, not President Nasser, are responsible for the churnings among the Arab people which are, in part, the product of empty stomachs and old resentments.

Then another misconception is that the Middle East can still be dominated by the traditional ruling classes that have held sway in that sector for centuries. I think it is true to say that the growing middle class is now more representative of the new aspirations and of the old resentments. Another misconception is that the Middle East is ready for representative government as we understand it. I dealt with that misconception a moment ago when I told the hon. member for Greenwood (Mr. Macdonnell) that I was sure that in comparing the freedom and the high standards of literacy we have with those obtaining in these countries and in thinking that we could expect them to have the same form of democratic government forthwith in the face of their long history of domination we were being unrealistic.

We would all hope, I am sure, that the work of scholars in the Middle East, of intellectuals and of responsible statesmen will result in the creation of the conditions which obtain in this country and in so many nations of the west. I believe that the United Nations has done its best work in the Middle East, on the political side. I wonder whether or not the interventions of the United States in Lebanon and of the United Kingdom in Jordan were wise. I understand the provocations; and the fears that spread throughout the world particularly after the incidents

in Iraq were perhaps understandable. Even President Nasser, while he did not agree with the dispatch of troops to these countries, looking upon that dispatch as a form of intervention that was the stamp and mark of the old colonial period, nevertheless recognized that there was no justification but, if I may use the word, that there could be some understandable provocation. I am sure that if the west has learned anything now as the result of the experiences in Lebanon and Jordan, it is that if there is to be any intervention hereafter that intervention should come not on the part of any one nation but by the United Nations.

That, I think, is the lesson of these last few months, and the record of achievement of the United Nations in the area confirms this. For we have in the United Nations emergency force under General Burns, which I visited in the Gaza strip and in the Sinai desert, the embodiment of a successful venture which I am sure must occasion satisfactory pride to the Leader of the Opposition because of the great part he played in its establishment.

Many thought that the way to bring about stability in Lebanon, in Jordan, even in Iraq, was the creation in the area of another paramilitary body, something like the United Nations emergency force. I think quite wisely the secretary general took the position that, certainly as far as Jordan was concerned, that was not possible or desirable. That might be a violation of article 2, the domestic jurisdiction clause, of the charter of the United Nations.

In so far as Lebanon was concerned, while that clearly was, at least in form, an international dispute involving an alleged infiltration from Syria of bodies and arms, the situation in Lebanon at that time did not lend itself to intervention, because of the successful work of another United Nations organization, UNOGIL, the United Nations Observation Group in Lebanon, which I think completely rendered unnecessary even the further consideration of the establishment there of a paramilitary body.

I must say that until I saw President Nasser, and later Mr. Ben-Gurion, I myself wondered whether the reported formula which the secretary general had in mind would ever work in so troubled and so highly explosive an area. We all know what the formula was. There was to be established in Amman, the capital of Jordan, a representative of the United Nations; sometimes called, using the French word, "présence". His powers were vague. They were never defined. They were described, I believe, on September 30 or thereabouts in the United Nations by the secretary general, but they were never properly defined, and many in high places in the Middle East told me, "We accept this recommendation of the secretary general, but it will never work in the face of the armed forces of the United Arab Republic, in the face of the forces of Israel and of the circumstances in Iraq."

The fact is that by patient negotiation and diplomacy, by winning the confidence of President Nasser and of Mr. David Ben-Gurion, the prime minister of that dynamic and impressive little state of Israel, the secretary general has been able to do what many so-called practical people thought at that time was impossible. Peace generally continues to reign, except principally for the state of affairs mentioned by the Secretary of State for External Affairs, on the Syrian border. Peace reigns in the area. King Hussein's regime continues to assert its authority, true with the financial assistance of the government of the United States in terms of some $67 million provided annually. But nevertheless the dangers which existed on th west bank, the danger of aggression from any quarter, have thus far not taken place. I think the world owes to the secretary general its deepest gratitude for this high form of statesmanship, which of course establishes the United Nations in the minds of all people who follow its achievements as an organization so indispensable at this time to the preservation of peace in the world.

Mr. David Ben-Gurion, the prime minister of Israel, as I said a moment ago, is a most impressive man. I must say that I do not think there is anyone today at the head of any government in the world who made such an impression on me as did Mr. David Ben-Gurion. He said the other day that if he could only have an hour with President Nasser he was sure that he could resolve the dispute which exists between Israel and the United Arab Republic. I formulated the view, after seeing President Nasser, Mr. David Ben-Gurion, and talking to others, that it was wrong to insist, as so many people with the best of intentions had, that the conflict between Israel and Egypt was insoluble. I do not think that is the case. This may not be the moment, but I am not sure that it is not the moment to seek a solution. In any event, given the right set of circumstances and the right climate, taking into account facts as they are in Israel and elsewhere, and recognizing the problem of the million refugees in the Gaza strip and elsewhere, I am satisfied that this problem can be resolved. I believe Canada as a member of the United Nations, along with other

countries, and with proper initiatives taken at the right time, can play an important part in providing a solution to the Arab-Israel problem.

I am wondering now if the Secretary of State for External Affairs does not think it desirable to give consideration to the establishment of a mission in Baghdad. We have missions in Cairo, and we have raised the status of our missions in Israel and Lebanon; but it would seem to me that this is an area where we might do some useful mediation and reporting. I am of the view that there is an opportunity present now to try and confront this Israel-Egyptian or Israel-United Arab Republic or this Israel-Arab problem, depending on how you look at it. The armistice agreements of 1949 have on the whole provided a certain minimum of stability in the relations between Israel and the Arab countries. But they have not prevented periods of acute tension, as we were reminded today. These have at times erupted into actual military hostilities.

The Cyprus development suggests what many of us have long contended, that perhaps the only hope for basic improvement in what has become a chronic situation must be sought in getting the parties concerned to meet together and to work out a solution in direct negotiations. The Cyprus situation, too, involves strongly conflicting national ambitions and deep and bitter resentments, which were fanned by the winds of the cold war. But for the courage shown by the respective leaders of the Greek and Turkish people in agreeing almost at the twelfth hour to explore together in privacy and seclusion the possibility of a solution, the situation might already have moved toward irretrievable disorder.

The relative calm which, despite occasional outbursts of violent rhetoric on the part of certain of the Arab leaders, has marked Israel-Arab relations in the past months suggests that it may not be untimely to promote again the idea of direct talks between Israel and the Arabs. Canada once before actively associated itself with a proposal for such direct negotiations when, in December 1952, together with seven other countries it sponsored a resolution in that sense at the seventh session of the general assembly of the United Nations. I refer the Secretary of State for External Affairs to the resolution A/AC.61/L.23 revised 4, of December 10, 1952 in which, among other things, Canada reaffirmed the principle that the governments concerned have the primary responsibility for reaching a settlement of their outstanding differences, and with this in view urged the governments concerned to enter at an early date, without prejudice to their respective rights and claims, into direct negotiations for the establishment of such a settlement, bearing in mind the resolutions, as well as the principal objectives, of the United Nations on the Palestine question, including the religious interests of third parties.

This resolution was adopted by a majority in the assembly's political committee. It failed, however, to receive the required two-thirds vote necessary in the special session of the general assembly. Since then there has been no further progress in this direction. I am impressed by moves of this sort. I do not want to exaggerate their importance, but they deserve our attention. They suggest that the time is right, or may shortly be right, for some new initiative on these lines. I believe that there are leaders of stature on both sides in the Arab world and certainly in Israel who have the vision, the courage and the statesmanship to see that an Israeli-Arab peace would bring untold benefit to the entire region and also, if the ground is suitably prepared, to take practical steps to that end. Obviously this is something which can not be forced, but I would hope that Canadian policy is directed to this objective.

Mr. Speaker: I am sorry to interrupt the hon. member, but his time has expired.

Mr. H. F. Jones (Saskatoon): Mr. Speaker, I listened with considerable interest to the remarks made by the hon. member for Essex East (Mr. Martin) and I notice that once again the United Nations expeditionary force attracted his attention. In this connection I think I should mention once again that it would be quite impossible for a force such as UNEF ever to intervene in a dispute. I am sure the hon. member for Essex East would agree. UNEF was able to establish itself successfully in the area because a way has been made for it. It was never a force which could forcibly intervene.

Hon. members will recall that the Prime Minister (Mr. Diefenbaker) mentioned in this house on July 25, 1958 our need for the closest possible diplomatic relationship with the countries of the Middle East in order that Canadian views might receive full consideration by the governments concerned and in order that political and commercial relations might be strengthened and our knowledge and understanding of the area increased. It was for this reason we established a diplomatic mission in Iran last October, and in addition to recognizing the political importance of that country and that area of the Middle East and the favourable prospect of developing Canadian trade, we also acknowledged the

keen desire of Iran, which has had a mission in Ottawa for two and a half years, for closer relations with Canada.

We also strengthened our relations with other parts of the Middle East by appointing full time resident ambassadors to Lebanon and Israel. In the latter country, I am pleased to say, Canada is represented by our only woman ambassador, Miss Meagher.

The task of extending and improving Canadian and diplomatic representation abroad is a continuing one, presenting a problem in terms of trained personnel and of finance. There are, of course, other areas of the world which need to be considered. I am sure the government is fully conscious of the importance of Iraq in the Middle East scene and intends to keep the question under close review in the light of priorities which must be established between this crucial area and other countries and regions which are also of importance to Canada.

With regard to some of the remarks made by the Leader of the Opposition (Mr. Pearson), may I say that I noticed he joined forces with the C.C.F. group and, as one hon. member was saying during the supper intermission, the Leader of the Opposition led the Liberal forces into the Red China bed with the C.C.F. We all hope the bed does not break.

The Leader of the Opposition mentioned at some length a suggestion with regard to the formulation of a new group—a formal conference, I believe he called it—to deal with problems relating to the United States.

Mr. Pearson: On a point of order, I wish the hon. member would explain what he means, because I made no such suggestions, nothing remotely approaching it.

Mr. Jones: If I understood the hon. gentleman right, he proposed that there should be a top level conference between the United States and Canada at which there would be set up an agreement or treaty which would have to be ratified by the legislative bodies of the two countries, and the purpose of this agreement, if I understood him correctly, was to establish certain principles which would govern the relations between the two countries.

I gathered from his remarks that he had in mind three types of principle. The first would be the definition of the manner of communication between the governments and the means of providing continued consultation on all questions of common interest. The second was a set of principles to cover matters of defence procurement and, thirdly, there was a set of principles relating to trade and commercial questions, looking forward, as the hon. gentleman described it, to very close and continuing economic interdependence.

If I have understood the Leader of the Opposition correctly, I must say that on the surface the suggestions of his may sound very attractive, but when one comes to consider the various commissions, committees and points of contact with the United States, both formal and informal, which already exist, it seems to me that he is adding to the confusion of the relationship between the two countries rather than otherwise. I am reminded of the story of the old farmer who brought in a hired man from a strange country who did not know much about horses. By the time he got through harnessing the horse could not be seen for the harness.

As I understood it, the first principle referred to by the Leader of the Opposition was with regard to consultation. Hon. members are aware that the normal channels used for consultation are those through which diplomatic business is conducted through our respective ambassadors. To this must be added the facilities for consultation at ministerial level on economic and trade matters and the recently formed ministerial council on defence, in addition, of course, to the many agencies I have already mentioned—commissions and so on, such as the fisheries commission—which deal with particular areas in which frequent consultation is desirable. Every piece of new machinery proposed must, I suggest, be examined with great care. I think that by adding to the existing arrangements one might give rise to the danger of losing control and finding that the channels of communication between our two countries have been clogged and confused rather than clarified. In short, I believe the hon. gentleman's proposal would result in the over-formalization of our relationship with the United States.

I was somewhat surprised at the length of time which the Leader of the Opposition devoted in his speech to this matter of Canadian-United States relations. I find it strange that at this time above all times when the free world is facing a compelling challenge the Leader of the Opposition (Mr. Pearson) should have chosen to devote an extraordinary amount of time to the question of Canadian-United States relations. I am sure all hon. members of the house agree with me that we view the United States in a different light from what we refer to when we are dealing with a crisis brought about by the communists. I submit that the suggestion made by the Leader of the Opposition is one that would cause a loss of the flexibility and informality which now characterize the whole concept of our friendly relations with the United States. I noted that the Leader of the Opposition said in respect of our relations with the United

States that we should talk up, talk straight and if necesssary do more than talk. I cannot imagine what he might mean by that, whether he was referring to economic retaliation or worse, but that is what he said according to the reference I have.

It seems to me that in considering this matter, if we give too much weight to the few isolated points on which we have disagreement with the United States and set aside cognizance of the many points on which we enjoy a happy relationship it is tantamount to ignoring a healthy body to probe at a pimple. Indeed, although some of the areas of disagreement are great from time to time they are very small in comparison with the vast areas in which difficulties and problems are lacking in our relationship. Consultation is certainly an excellent objective and we are seeking to make it more and more effective but any country that adheres to democratic principles, I would submit, encounters difficulty in maintaining complete consultation.

Our public men in the United States and in Canada are not insulated from the people of the country or from the press. Indeed the government is not insulated from hon. members of this house who seek daily to ply its members with the penetrating questions that come up on orders of the day. In consequence of this there are bound to be occasions when one country gets out of public step with the other. The important thing is to recognize this concept and not automatically castigate the other nation when this happens.

The second set of principles mentioned by the Leader of the Opposition related to matters of defence procurement. In respect of this question I can merely say there has already been a very wide measure of consultation as to the setting up of principles. I mentioned in this house the other day that I find it difficult to see what sort of principles could be established that are not summed up by saying we will keep in constant touch with one another and actively seek to coordinate our defence production and defence procurement activities. It occurs to me that if we were to carry further the principle I have enunciated we would be in danger of placing our economic activities in a straitjacket. Although it might be in accord with the views of the third party in this house it seems to me that the measure of control over private industry required by this proposal if carried further than the degree I mentioned would be unacceptable even to those in the Liberal party who share with us support of the free enterprise system.

The third principle mentioned by the Leader of the Opposition would, I take it, establish continental interdependence in trade and economic relations. Regardless of the desirability of these principles I submit that there is difficulty in application. One of the first and most important stumbling blocks would be the acceptance and implementation of these principles in the United States. As my hon. friend is well aware the exercise of discretion by the executive in that country is limited by law and constitution in matters of trade and economic policy. For example, there are legislative applications concerning such matters as an anti-trust suit to which my hon. friend referred this afternoon. These applications leave little room for the exercise of discretion by the United States executive. With respect to the legislation on the disposal of surplus agricultural products and the clear indications we have had of points of view with respect to imports of petroleum and base metals, the legislative branch in the United States, as a part of the government, seems to play such an important role that agreement of the kind foreseen by the Leader of the Opposition would have to require a self-denying ordinance restricting that body's freedom of action.

Perhaps the more effective, less formal means of achieving that objective will be through the inter-parliamentary group recently established for in the legislatures of the two countries. There is an opportunity to learn and recognize how much we have in common and how serious it is for us if either country acts in a manner detrimental to the interests of the other.

I have a great deal more to say but I see that it is ten o'clock.

Mr. Speaker: It being ten o'clock it is my duty pursuant to unanimous consent given yesterday to interrupt these proceedings and forthwith put the motion now before the house.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if there has been any change in the program the house leader indicated last night or if it still stands?

Mr. Green: No, Mr. Speaker. Tomorrow we shall commence with third reading of the bill to amend the Northwest Territories Act. We will then take the amendments to the National Housing Act and the estimates of the Department of Citizenship and Immigration.

Mr. Pickersgill: The government still intends to proceed with the supply motion on Monday?

Mr. Green: Yes, Mr. Speaker. I do not know yet what the business will be on Wednesday. That is a long way ahead.

At 10 o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

URANIUM—AGREEMENT WITH JAPAN

Question No. 163—**Mr. Martin (Essex East):**

1. Did the Canadian government formally or informally approach the Japanese government with a view to initiating negotiations for a bilateral uranium agreement?

2. If so, when did such negotiations begin?

3. With what additional countries are negotiations for a bilateral agreement being conducted?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

1. Yes.

2. There have been preliminary conversations; the formal negotiations have not yet begun.

3. The answer to this question, to the extent that it can be given at this time, will be found in the statement of the Secretary of State for External Affairs recorded on page 571 of *Hansard* for February 2, 1959. The negotiations being conducted with other countries are of a confidential nature and it would be inappropriate to refer to them without the consent of those countries. However, the house will be informed whenever bilateral agreements are negotiated.

EURATOM—URANIUM AGREEMENT

Question No. 164—**Mr. Martin (Essex East):**

1. Did the Canadian government formally or informally approach the european atomic energy community (EURATOM) with a view to initiating negotiations for a bilateral uranium agreement?

2. If so, when did such negotiations begin?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

1. Yes.

2. February 10, 1959.

GOVERNMENT BUTTER HOLDINGS

Question No. 172—**Mr. Boulanger:**

1. What were the government holdings of butter as of May 1, 1957, May 1, 1958, December 31, 1958?

2. How much butter was purchased by the government under the stabilization act during the calendar year 1958?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. May 1, 1957, 25,036,245 pounds; May 1, 1958, 25,194,071 pounds; December 31, 1958, 79,339,941 pounds.

2. 71,466,653 pounds.

HOUSE OF COMMONS

Friday, February 27, 1959

The house met at 11 a.m.

A. V. ROE COMPANY

STATEMENT ON DISCUSSIONS WITH COMPANY OFFICIALS

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, on behalf of the Prime Minister, who is indoors today with a cold, I should like to report to the house on the discussions which have been proceeding in recent days between the government and senior officials of A. V. Roe Canada Limited. These discussions had as their aim the continuance of the plants of Avro Aircraft Limited and Orenda Engines Limited, and the companies' special design, research and production facilities.

The companies are at present engaged in the performance of certain contracts for the government apart from the discontinued Arrow program. Work on these other contracts will, of course, be continued. In addition, various new programs and extensions of existing programs have now been proposed by the companies to the government in the fields of military and civil aviation and nuclear power. These proposals have been carefully examined, and certain of them will be further studied in the hope that they will offer opportunity for the employment and effective utilization of technical and production personnel and facilities.

Moreover, the companies recognize their responsibility to make every effort to obtain contracts from sources in addition to the Canadian government. They are performing some work at present for the United States and other governments, and will vigorously explore ways and means of obtaining orders from the United States under the recently announced arrangements between Canada and the United States for production sharing.

If the companies are to be in a position to develop new programs and designs and to accept and fulfil contracts for production, they must retain the essential nucleus of their design, research and technical staff. To assure this desirable end the government has agreed to share equally with the companies the payroll cost of certain technical work to be undertaken by this essential nucleus of personnel for the next six months. It is expected that by the end of that period some of the projects of the companies should be substantially advanced.

It is the hope of the government and the companies that these combined efforts will result in a steady increase in employment.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I know the house will have listened with interest to the statement the minister has just made. We on this side are confirmed by that statement in our view that these discussions which have been taking place in the last few days might well have been taking place months ago.

Some hon. Members: Oh, oh.

Mr. Pearson: If that could have been done, then the further study now being given to the proposals from the company might have resulted in action before the cancellation of the Arrow program. We notice also, Mr. Speaker, that the proposals have been made by the company. Perhaps while these studies are going on now, after the cancellation, the government itself might be able to make some proposals for the continuance of this work.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the statement made by the Minister of Finance this morning will, I am afraid, mean little comfort to the 14,000 people who have been affected by lay-offs, because the only real substance of his statement was that the payroll for a certain nucleus of skilled persons would be shared equally by the government and the company. If those negotiations had taken place months ago we would not, I am certain, face this crisis which is presently faced in the aircraft industry. I urge the government to continue talks with the company and to keep on with negotiations until a solution is found and this very important industry saved for Canada. I would urge the government to exert even greater pressure on the United States to obtain for this country a fair share of production orders.

Mr. Speaker, we are encouraged that the government is talking with the company. We hope such talks will continue, but the statement of the Minister of Finance, while it is helpful in that it goes in the right direction, is certainly no answer to his very important question.

Mr. Fleming (Eglinton): Mr. Speaker, I think something needs to be said to correct

the very serious misimpression left by the words of the Leader of the Opposition, and to the extent to which they were echoed by the hon. member for Assiniboia.

Some hon. Members: Order.

Mr. Speaker: I feel sure that if the minister makes a further statement the Leader of the Opposition and the hon. member for Assiniboia would also like to do so, and we would enter on a debate, which would be quite improper at this stage of the proceedings. Therefore I think the hon. minister should not take the floor again unless he wishes to explain briefly an error or misimpression.

[*Later:*]

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of Finance. Can the minister tell us how many Avro employees are affected by this new arrangement, and what the estimated cost will be over the next six months' period?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, it is not possible to be precise about this matter. This obviously is something that will depend upon the course of the contracts and other matters within the management of the company. As the house has been made aware, a number of men in excess of 2,000 have been working this week at the plant, and according to the best information we have the addition to that number of the technical group to which I made reference in my statement this morning should bring the number employed at the present time to approximately 3,000.

The hon. member will recall that this is a starting point, and it is expected that employment will gradually increase from this point on. That has been the desire of both parties to the negotiations.

[*Later:*]

Mr. G. H. Aiken (Parry Sound-Muskoka): I wish to direct a supplementary question to the Minister of Finance relating to the announcement of discussions with the A. V. Roe Company. I wish to ask the minister whether this arrangement will extend to the Orenda engine establishment at Nobel.

Mr. Fleming (Eglinton): The statement I made this morning applies to the two companies, the Avro company and the Orenda engine company. The work carried on at Nobel, of course, is included within the scope of the arrangement I announced. I am sure the house is aware that the type of operation carried on at Nobel is different from that carried on at the plants at Malton, but the government is assured that the operations at Nobel are included within the scope of the arrangement I announced earlier today.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Did the government take advantage of the presence here of A. V. Roe company officials to discuss the mass lay-offs in Cape Breton and Bell island by other companies controlled by the same parent company?

Mr. Fleming (Eglinton): I was not present at any meeting when that subject was discussed, Mr. Speaker; therefore I cannot give my hon. friend the answer to his question. My task was with the program to which I referred in my statement this morning.

TABLING OF TELEGRAMS CANCELLING CONTRACTS

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I would like leave to table copies of telegrams which were asked for yesterday.

Hon. Paul Hellyer (Trinity): I wonder if the minister would agree, in view of the importance of these documents, to have them printed as an appendix to today's *Hansard*?

Mr. O'Hurley: I have no objection.

Mr. Speaker: What are the documents again?

Mr. O'Hurley: Copies of the telegrams terminating the Arrow contract.

Mr. Speaker: Does the house give unanimous consent that these telegrams, comprising about four pages, be printed as an appendix to today's *Hansard*?

Some hon. Members: Agreed.

[*For text of telegrams referred to above, see appendix, page 1487.*]

VETERANS REHABILITATION ACT

AMENDMENTS REPEALING AND REPLACING ALLOWANCE PROVISIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved for leave to introduce Bill No. C-31, to amend the Veterans Rehabilitation Act.

Motion agreed to and bill read the first time.

WAR SERVICE GRANTS ACT

AMENDMENTS RESPECTING DEFINITIONS, RE-ESTABLISHMENT CREDITS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved for leave to introduce Bill No. C-32, to amend the War Service Grants Act.

Motion agreed to and bill read the first time.

TRADE

RUSSIA—REQUEST FOR STATEMENT RESPECTING EXTENSION OF AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the fact that the trade agreement with the Soviet union expires tomorrow, might I ask the Minister of Trade and Commerce what have been the results of the discussions with the Soviet government to replace that agreement?

Hon. Gordon Churchill (Minister of Trade and Commerce): Negotiations have been going on, but I am not in a position at this moment to state what conclusions have been reached.

Mr. Pearson: A supplementary question. Does this mean that when the agreement expires tomorrow there will be no trade agreement with the Soviet union?

Mr. Churchill: This particular agreement will expire on the date mentioned, but that does not preclude the possibility of another trade agreement being signed.

SALT FISH—INQUIRY AS TO WORK OF INTERDEPARTMENTAL COMMITTEE

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Is the minister in a position to report on the progress made by the interdepartmental committee under the chairmanship of James A. Roberts, appointed on November 12 last to discuss salt fish marketing with members of the industry in Quebec, Nova Scotia and Newfoundland? Have meetings been held and, if so, what decisions if any have been reached?

Hon. Gordon Churchill (Minister of Trade and Commerce): This is a very important subject, Mr. Speaker, and one on which I hope to make a statement to the house within the next two weeks.

COMMUNIST CHINA—FURTHER STATEMENT ON ACTION TAKEN BY GOVERNMENT

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Yesterday the hon. member for Assiniboia asked whether China had accepted the offer of the Canadian wheat board to send to China experts to train the Chinese in how to use Canada's excellent high protein wheat as a mix with their own. No acceptance of this offer has yet been received.

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of Trade and Commerce, supplementary to the answer he gave a moment ago. Through what channels was this offer made to China?

Mr. Churchill: Through the usual channels, Mr. Speaker.

Mr. McIlraith: What are the usual channels for offers of this kind to China?

Mr. Churchill: We have a trade commissioner stationed in Hong Kong, as my hon. friend knows very well, and through channels such as that the wheat board would communicate with the officials representing the Chinese trading corporations.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the minister if this means that our trade commissioner in Hong Kong is in diplomatic contact with the Chinese government in Peking?

Mr. Churchill: By no means, as the Leader of the Opposition knows very well.

Mr. Pearson: In that case, how can he make a formal offer from the Canadian government to the Chinese communist government?

Mr. Churchill: He could make suggestions from the Canadian wheat board to the 16 trading corporations of China, as he did last year which resulted in the sale to China of almost $8 million worth of Canadian wheat.

BUSINESS OF THE HOUSE

INQUIRY AS TO EASTER RECESS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, in view of the fact that reservations over the holiday period are often hard to obtain, I should like to ask the leader of the house whether he is in a position to give us any information with regard to the Easter recess.

Hon. Howard C. Green (Minister of Public Works): We always aim to please our friends opposite, though sometimes it is a little difficult. With regard to this question of an Easter adjournment, our thinking is that the house should be adjourned during the week preceding Easter and resume its sittings on Monday, April 6. I am not yet clear on what day the adjournment will be sought.

Mr. Harold E. Winch (Vancouver East): May I ask a supplementary question. Will the far western members be allowed to travel by plane?

Mr. Green: As one of the far western members for many years, I never had any trouble doing that.

Mr. Pearson: Will the adjournment be before the budget is introduced or afterwards?

Mr. Green: Now, Mr. Speaker, the Leader of the Opposition is really fishing. Government policy on this particular matter will be disclosed in due course.

COMBINES INVESTIGATION ACT

SHIPPING—REPORTED PRESSURE TO WITHHOLD CARGOES

On the orders of the day:

Mr. Y. R. Tassé (Quebec East): Mr. Speaker, I wish to address a question to the Minister of Justice. Can the minister say whether any inquiries are being made by the combines branch into the *Helga Dan* incident which I drew to his attention some time ago, in which a shipping conference, or members thereof, are reported to have brought pressure to bear upon shippers to refuse cargo to the *Helga Dan* and cancel cargo bookings already made?

Hon. E. D. Fulton (Minister of Justice): I wish to thank the hon. member for having given me notice of his question. As hon. members know, it is not the general practice to discuss inquiries which are going forward under the anti-combines legislation unless and until a report is made to me by the restrictive trade practices commission and duly published. In view of the marked public concern about this matter, however, and the natural expectation that we would take some interest in it, I may say that the combines branch is making inquiries into the arrangements reported to have given rise to this incident.

(Translation):

SPORTS

WORLD HOCKEY TOURNAMENT—ATTENDANCE OF MAURICE RICHARD

On the orders of the day:

Mr. J. J. Martel (Chapleau): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Is he aware of yesterday's Canadian Press report to the effect that Maurice Richard seems to be having a hard time getting a passport and visa in connection with a trip to Prague, Czechoslovakia, where he plans to attend the world hockey tournament? Could the minister indicate whether he will see that a passport and visa are granted in due time to a man who is Canada's best hockey player and at the same time an ambassador for Canada.

(Text):

Hon. Sidney E. Smith (Secretary of State for External Affairs): I have not seen the press reports to which the hon. member has referred, and I do not know the details with respect to this problem of "the Rocket" alias Maurice Richard. I shall be very happy and eager to work for an investigation of this particular matter.

NATIONAL DEFENCE

NUCLEAR WEAPONS—REPORTED STATEMENT BY VICE ADMIRAL HALLETT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Defence. My question is prompted by a young lady who visited my office early this morning.

In view of the fact that Vice Admiral John Hughes Hallett, M.P., complained in the House of Commons in Britain last night that when he was deputy commander of the NATO Atlantic fleet in 1952 no one ever told him where the atom bombs were kept, would the minister inform the house if senior officials of the Canadian defence forces will be kept in similar ignorance as to the whereabouts of nuclear weapons in Canada?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, Vice Admiral Hallett was an officer in the Royal Navy, not in the Royal Canadian Navy; therefore I have no information as to the instructions or information given to him. However, I can assure the hon. member that in all matters affecting the discharge of their duties our own admirals will be kept fully informed.

PUBLIC BUILDINGS

STATEMENT ON REQUEST FOR NAMES IN BOTH FRENCH AND ENGLISH

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Russell asked this question:

> Will the hon. gentleman have bilingual name plates affixed to the present science service building on Carling avenue, when the divisions of his department are regrouped at the end of March?

I find also that on February 20, when I was absent from the house due to illness, the hon. member for Hull and the hon. member for Russell asked somewhat similar questions. This will be a reply to all those questions. The main signs on buildings and general experimental areas at the central experimental farm are in English only. I understand that has always been the situation. On notice boards which give information to visitors on rules, hours and other matters, both English and French are used.

Following the reorganization of the department which comes into effect on April 1 next a number of signs and notices will have to

be changed. This will give an opportunity to decide where additional information can be given in both languages.

Mr. Alexis Caron (Hull): A supplementary question, Mr. Speaker. Is it not the intention of the minister to give equal importance to the French and English languages with respect to these buildings?

Mr. Harkness: Mr. Speaker, I always give equal importance to both languages wherever the need for that is indicated.

INDUSTRY

AUTOMOBILES—SUGGESTED PRODUCTION OF SMALLER CARS TO AVOID UNEMPLOYMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to address a question to the Acting Prime Minister or the Minister of Labour. Has the government received a request from Mr. George Burt, Canadian director of the united auto workers' union, for intervention with Canadian automobile companies to make certain if possible that Canadian companies will produce smaller cars, and not allow the Canadian market for automobiles to be filled to a large extent by small automobiles produced in the United States? If such a request has been received, what was the reply? Also, what is the statement of the government in response to Mr. Burt's assertion that unless something is done unemployment in the Canadian automobile industry may exceed that caused in the aircraft industry?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I personally have not received such a telegram but I read in the morning paper that a telegram of this nature was sent to the Prime Minister, and this question therefore will be brought to his attention.

Mr. Argue: A supplementary question, Mr. Speaker. I wonder if the Minister of Labour or anyone speaking for the government can say whether the Canadian government, either on the request of someone else or on its own initiative, has considered this very important problem?

Mr. Speaker: I am not attempting to rule on this matter, but it seems to me that the size of automobiles is not a matter of ministerial responsibility. I daresay there is a possibility that jurisdiction might be extended to that field, in which case that question could then be asked; but at the moment I fail to see its relevance.

Mr. Argue: On the point of order you have raised, Mr. Speaker, it is not a question of the size of automobiles as such but a question of employment in a very important Canadian industry. If employment in that industry is being threatened, as this responsible union official suggests, I submit it is a proper question to ask of the government. However, I am satisfied with the reply that it is being looked into.

INDIAN AFFAIRS

INQUIRY AS TO AMENDMENT OF PROVISIONS RESPECTING MIXED MARRIAGES

On the orders of the day:

Mr. E. A. Winkler (Grey-Bruce): Mr. Speaker, I should like to address a question to the Minister of Citizenship and Immigration. As a result of the provisions of the Canadian statute relating to Indian affairs there is a distinct indication of discrimination against the white man by the Indian. This becomes apparent because of the fact that an Indian woman marrying a white man loses all her rights as an Indian, and as a result there are numerous common law arrangements to overcome this situation. Further, realizing that there are as many marriages between whites and Indians as there are among Indians, can the minister inform the house whether this particular section is under review for amendment?

Mr. Speaker: Order.

POST OFFICE DEPARTMENT

VICTORIAVILLE, QUE.—STATEMENT ON REQUEST FOR ADDITIONAL SUPPLIES OF COMMEMORATIVE STAMP

On the orders of the day:

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, yesterday the hon. member for Drummond-Arthabaska and the hon. member for Lapointe asked me about the basis of allocation of our new issues of stamps, and implied we were not meeting the demand. The house will understand, of course, that these questions reflect the popularity of the attractive new stamp designs of the present government as compared with those of our predecessors, when similar problems did not seem to arise.

With the golden anniversary of flight issue, which is the present one, we introduced a new policy of automatically allocating such new issues to every accounting post office in Canada in quantities estimated to be sufficient to permit their sale over a 10-day period. That policy was introduced on my own suggestion because I found on my field trips that many of the smaller post offices did not specifically order the new issues. I felt that the significance of their message should be carried into every part of our country.

However, if the post offices wish more than their allocation they are perfectly free to order whatever quantity is desired, either before the stamp is issued or when they are required, as long as our stock lasts. I understand that the post offices about which I have been questioned have received sufficient stocks to meet the expected demands, and additional stock is available when required.

I might add that the popularity of these new stamps has made it necessary for us to have increasing quantities printed. The 1958 quantities, which started at 15 million for the first issue were gradually raised to 25 million for the last. This year 30 million were printed for the current issue, which is the first this year, and 32 million will be printed for our NATO stamp, which will be the second issue this year.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question, sir. In a view of the principle enunciated by the minister the other day that the portraits of living things are never put on stamps, may we assume the minister timed this stamp to come out on the day of the death of the Arrow?

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, there is one—

Mr. Pearson: Better think about it overnight and tell us tomorrow.

Mr. Hamilton (Notre Dame de Grace): There is one recognizable aeroplane which appears on the stamp, and that is the Silver Dart. The one in the background is representative of delta wing aircraft generally and bears a number of characteristics differentiating it substantially from the Arrow or CF-105. The differences are immediately recognizable to anyone who has any knowledge of the subject whatever.

Mr. H. W. Herridge (Kootenay West): A supplementary question; in view of recent events, would the minister consider having this commemorative stamp redesigned to include two wreaths on the wing tips to indicate the death of the aircraft industry?

Mr. Speaker: Order. I think we have spent enough time on this particular issue.

FINANCE

INQUIRY AS TO EFFECT OF NEW BANK OF CANADA DISCOUNT RATE

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Finance, of which I have not given him notice. Is the minister in a position to inform the house as to the effect on the Canadian economy of yesterday's announcement by the Bank of Canada of a new discount rate of 4.32 per cent, and does he still feel as he did on February 13 that this represents a fluctuation within a not very wide range?

Hon. Donald M. Fleming (Minister of Finance): The rate on treasury bills over the past two weeks is approximately what it was when the Liberal government went out of office.

Mr. Pickersgill: Tight money.

Mr. Regier: I should like to follow that with a supplementary question. Is the government taking any measures to establish a rediscount rate independent of the weekly offerings of treasury bills, or is this government now endorsing the tight money policy of the former government?

Mr. Fleming (Eglinton): This government will never endorse the tight money policy of the former government; you may be sure of that. That was a policy imposed by the former government with a view to restricting credit and restricting business activity, and it deliberately drove up interest rates. The present government has no part of that tight money policy. The hon. gentleman, if he is acquainted with what has been happening in the money markets of this continent, must be aware that interest rates have been rising rapidly in the United States. This has had an inevitable effect on interest rates in this country.

As to the steps the government may propose to take in regard to rates, those will be matters to be announced to the house whenever it is appropriate to announce such action. To the extent to which my hon. friend is interested in fiscal policies, financial policies in the broader sense, I must ask him to be good enough to be patient until the budget comes down.

Mr. McIlraith: A supplementary question. When will the budget be brought down? Is the minister in a position to inform the house?

Mr. Fleming (Eglinton): I can assure the hon. member that if he is in the house at the time the government announces the date on which the budget will be brought down, he will be one of the first to hear it.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR APPOINTMENT OF JUDICIAL AND ADMINISTRATIVE OFFICERS, ETC.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved the third reading of Bill No. C-26, to amend the Northwest Territories Act.

Motion agreed to and bill read the third time and passed.

NATIONAL HOUSING ACT

AMENDMENT INCREASING AGGREGATE AMOUNT AVAILABLE, ETC.

The house resumed from Wednesday, February 25, consideration in committee of Bill No. C-28, to amend the National Housing Act, 1954—Mr. Green—Mr. Rea in the chair.

On clause 1—*Sale of loan.*

Mr. Herridge: I just want to ask the minister one question on this clause concerning a subject to which I made reference at the resolution stage. In the district I have the honour to represent there are a relatively small number of people who build some very nice log homes, modern in every respect, with cement basements and very well constructed and very beautiful in appearance. These homes, of course, are built from logs. For instance, the rafters may be even round poles six inches in diameter. Because of the desire of these people to have this rustic type of dwelling, I wanted to ask the minister whether those wishing to build log homes which will be very well built but of materials somewhat different from those in standard homes, will be able to obtain loans under the National Housing Act.

Mr. Green: Yes; I understand so, Mr. Chairman. The other day the hon. member for Kootenay West raised the question of whether loans could be obtained in Nakusp in this riding. We have had investigations made since the earlier debate in committee, and the management of the Trail office, in whose territory Nakusp is situated, states that no resident of Nakusp has contacted the office for a National Housing Act loan. It is possible that an approved lender may have refused such a loan, but the corporation is ready to grant one to any creditworthy borrower there.

Mr. Herridge: I thank the minister for having the matter investigated. I think possibly that is just what happened, namely that they applied to approved lenders, their application has been rejected and they have taken it for granted that it was the corporation.

Mr. Regier: I should like to ask the minister for some enlightenment on a matter that has caused me some concern for a number of years. When organizations such as the New Vista housing society in Burnaby and other like organizations apply for loans to provide low cost rental units, they are able to get assistance under the National Housing Act. However, when they want to build a convalescent home or a home for elderly people who do not require hospital care but who yet require some nursing care, and apply for a mortgage under the terms of the National Housing Act, they are told that this type of project cannot be entertained under the provisions of the act.

I know that by now a number of organizations have asked for such assistance. I do not know whether or not they have formally applied. I happen to be on the board of directors of the British Columbia teachers' housing co-operative. At the present time we are engaged in building a project to house elderly teachers who need nursing care, and we shall be obliged to obtain our money on the open market at such a high interest rate that it will add considerably to the level of rentals. From speaking to the late E. E. Winch I know he went through the same hardship in building the first convalescent unit, if it could be called that, of the New Vista housing association.

Has any consideration been given by either the senior officials or the minister or both in consultation to extending the terms of the act in such a way that such projects might be undertaken and might obtain the benefit of the low interest money that is available? As the minister well knows, in all parts of Canada there is an urgent need for homes at rentals as low as possible where people can spend the last one, two or three years of their lives.

At the present time the only places to which these people can go are the privately owned and operated nursing homes. In the first place they are obliged to charge extremely high rates, running up to $300 and more per month. The minister knows that we have many of these privately owned homes. In the second place the waiting list for admission to these homes is extremely long. Some homes have had people waiting for a year.

Also, as the minister knows, the unfortunate and regrettable fact is that many of these homes are most inadequate. While some of them render excellent service—and I would not want to be misunderstood—there are also a fair number of them which are nothing but operations which are less than desirable, both from the standpoint of the fees they charge and the standpoint of the services they render to our elderly people. Has the minister ever given any consideration to extending the terms and conditions so these projects might be included along with regular low rental units?

Mr. Green: This question has been raised on different occasions down through the years

and has been carefully considered by the officials of Central Mortgage and Housing Corporation, by my predecessor, Hon. Robert H. Winters and by myself. The hon. member will realize that the National Housing Act is an act designed to provide homes in which people can live. It was never meant to provide nursing homes or convalescent homes. I think these come under the scope of health and welfare departments. They are particularly a provincial responsibility.

The problem in connection with opening up the act to include convalescent homes of this type is this. Where do we stop? I think the result would be a diminution in the money that could be spent on housing, in addition to the causing of many other problems which are certainly not the concern of the officials administering the National Housing Act.

Mr. Herridge: I am informed that some of the university people were hoping that loans would be available under the National Housing Act for the building of residences, in view of the shortage of university residences. Has the government given consideration to the extension of loans into that field?

Mr. Green: This is another field which has been carefully considered. Here again we would not be building houses; and if we were to go into giving assistance in the construction of residences for universities, we would also be asked to take similar action for nurses and many other groups in the country. It has been felt that this matter does not come within the purposes for which the National Housing Act was passed. In the last year there has been considerable alleviation of this problem because the Canada Council has made grants to various universities in order to assist them in the construction of residences.

Mr. Garland: Does the minister care to bring us up to date on the amount currently in the insurance fund?

Mr. Green: Officials of the corporation inform me that at the end of the calendar year it amounted to about $39 million.

Mr. Garland: I wonder if at the same time we might have the approximate amount, if the figures are available, for last year by which the annual revenue in the fund increased, and also the debits to that fund?

Mr. Pugh: Mr. Chairman, the act now covers the building of senior citizens' homes, but those homes must be of the detached type. I am wondering if the act cannot be extended to cover the boarding house type of senior citizens' homes? I have one particular case in mind in West Summerland. There the municipality is willing to guarantee bonds, and all the rest, behind it, and I am wondering if the act can be extended to cover the boarding house type of senior citizens' homes?

Mr. Green: The National Housing Act confines activities of the corporation to individual housing units. We are not able to go into the boarding house business under the terms of the act.

Mr. Hellyer: I wonder if the minister could tell us if it would be possible to remove the provision in the present act whereby when an insured loan is sold to other than an approved lender, the insurance becomes void. I know that if it is administered by an approved lender the insurance remains in effect. There must be some reason for this. It would seem there might be individual lenders who would like to buy a mortgage, or two or three, and might wish to administer it themselves in order to save the charges which would normally be made by the approved lender. This would provide the mechanics of extending the liquidity of these insured loans and broaden the market for them. I was wondering what is the objection of the corporation.

Mr. Green: Mr. Chairman, it is basic in the insurance principle covering these loans that the loan must be administered by an approved lender or by the corporation itself. Apparently the thinking behind that was that the insurance should not be available where anybody at large was administering the loans.

Mr. Hellyer: I do not think it is basic at all, Mr. Chairman. I can see the disadvantage of allowing anyone at all to apply at the outset for an insured loan, because the corporation has to deal with a limited number of organizations, and organizations with which it is familiar; and just from the standpoint of red tape and mechanics it would not be possible to allow applications for insured loans from individuals or people who are not approved lenders. But I cannot see what the principle is which prevents these loans being sold subsequently to individuals or persons other than approved lenders with the insurance remaining in effect.

Mr. Green: The principle is this, that with the insurance behind the loan then the corporation will have to make good if there are losses under the loan. If the loan is being administered by someone who does not administer it properly, then that person will not suffer the loss; the loss will have to be paid out of the insurance fund.

Mr. Hellyer: The corporation's feeling is that only approved lenders are capable of

administering these loans in such a way as to guarantee or reduce the risk of the corporation; is that the reason?

Mr. Green: Evidently this was the thinking when the act was passed. Mind you, I admit at once that in many cases, perhaps in most cases, a person who had a mortgage would administer it properly, just as well as one of the approved lenders. But if it were opened right up and this restriction removed without any qualification, then of course anyone who bought the mortgage would have the benefit of the insurance whether he administered the mortgage properly or not.

Mr. Pugh: Mr. Chairman, with your permission I would like to revert to the boarding house type of senior citizens' accommodation. My reason for so doing is that I have had a little bit of experience with regard to the actual construction of the boarding house type of home. We in Oliver, a town in British Columbia where I live, did construct a boarding house type of senior citizens' home and it has been most successful.

There were many reasons for choosing it. First of all, probably the most important reason was the fact that the actual over-all cost of construction per bed was considerably lower. We tried at that time to get federal aid under Central Mortgage and Housing Corporation but could not do so. West Summerland, the other town which wants to put in a boarding house type of home, favour it simply because they feel that the cost of construction would save an awful lot of money and they could do it. There is another reason, of course, and that is that the means of control in the house, looking after people and all the rest of it, is much cheaper.

My point is that the government will provide funds under Central Mortgage and Housing Corporation for the detached type of dwelling. Having in principle decided that they will help those people, then surely it would be common sense to provide the same accommodation at a cheaper rate. That is the whole purpose behind my question. You have a more favourable type of accommodation, so why not go into the business? I feel that C.M.H.C. is basing this decision simply on security. In other words, if the dwelling does go broke in years to come, then their security is safe because with the detached type of house they can sell it, rent it, or do what they like with it. With the boarding house type, of course, that is not so. But in the case of West Summerland, British Columbia, which proposes this type of boarding house for senior citizens, it would seem that the whole project is backed and guaranteed by West Summerland and it would only seem reasonable that the government, if they are not prepared to do so at the present time, should look into this in the future as a means of providing accommodation which is necessary in Canada at the present time and is becoming increasingly more necessary.

Mr. Garland: I wonder if I might go back to my original question about the insurance fund, with regard to the amount by which the fund is increased each year, and the annual debits for the last year?

Mr. Green: The mortgage insurance fund at the end of 1956 stood at $22,145,828. In 1957 it stood at $30,364,883; and at the end of 1958 the figure was not $39 million, as I told the hon. member a few moments ago, but $45,680,766.

Mr. Garland: I wonder if the hon. minister could give me the figures over a comparable period for each year, say for a three-year period, of the debits to the fund?

Mr. Green: This is a tough question. Perhaps we should continue with the discussion and the officials will try to get the answer in the meantime.

Mr. Garland: Yes, of course. My reason for asking this question is perhaps obvious to the minister. It seems that the fund is growing substantially each year, and I wonder what justification there may be for maintaining the rates that are charged. I appreciate, of course, that any administration wishes to take a cautious approach to these things, but it would seem to me that this fund goes on building up. That is why I wondered whether the minister had these figures.

Mr. Green: The officials tell me that there are over $3 billion of potential risks standing against this amount which is held in reserve, and until there has been further experience in the operation of the act it is believed it would be unwise to make any change.

Mr. Regier: I am pleased to note that the hon. member for Okanagan Boundary has made an observation along the lines of some remarks which I myself had made previously. The whole purpose of this act, as the minister will agree, is to assist Canadians with their housing problems. I do not think we should be too much concerned about the particular type of housing involved.

When I say that, I have in mind a warning sounded by Mr. Mansur in reply to a question put to him by the hon. member for Eglinton during a sitting of the banking and commerce committee on February 11, 1954.

At page 147 of the proceedings Mr. Mansur, in answer to the hon. member for Eglinton, had this to say:

> I think, Mr. Fleming, that the very sharp increase in home ownership in Canada of which everyone seems so proud has as one of its components a fair amount of "forced home ownership" of which we should not be so proud.

This raises the problem of what kind of housing is the most valuable from a social standpoint and, I might also add, from the standpoint of our municipalities; and I often wonder whether we are very wise in making our arrangements in such a way that many people who should be renting homes are being put into the position of forced home ownership, as Mr. Mansur warned. We find people living 18 or 20 miles away from the centres of our cities, people living on the outskirts, who according to all the rules of economics should be tenants living nearer the hearts of our centres of population.

When the minister says that hitherto loans on such projects as housing for university students, accommodation for boarding elderly Canadians and accommodation for chronically sick cases could not be considered under the terms of the act, the minister should carefully consider whether these proposals are not also a manner of offering housing to Canadians. It should not really matter to us whether this housing is in the form of boarding houses or residences for students or places where the chronically ill elderly people may live, or whether it is in the form of individually owned homes of the kind which today cause so many headaches because of the manner in which new housing subdivisions are being developed.

I think the minister might well consider a change in basic policy here. I realize full well the validity of the minister's argument when he points out that housing for chronically ill people is basically the responsibility of the Department of National Health and Welfare and especially of the health and welfare departments of the provinces. I also know that our national hospital plan provides for federal assistance to provincial governments if they will undertake to build hospitals to look after chronically ill patients. However, I believe the minister also knows—and if he has not yet been informed I hope he will note this fact—that the government of British Columbia while on the one hand encouraging all municipalities to begin building hospitals for the chronically ill has thus far flatly refused to give any financial assistance toward the building of such hospitals, even though financial assistance is available through the federal government. The provincial government is apparently unwilling to pass on the assistance available from the federal authority, and unwillng to make its own contribution.

The need is real, and it is most urgent. I hope the minister can see his way clear to reconsider his position and take the attitude that the whole purpose of the National Housing Act is to provide accommodation for the people of Canada, and that it will not necessarily be designed for assistance toward individual home ownership. I think the problem is more complex than that.

I should like to raise a second point at this time with respect to housing for senior citizens under the National Housing Act. Under the provisions of this legislation this government makes loans only toward the building of such units. However, as the minister knows, some of the provincial governments instead of making loans offer outright assistance. In British Columbia, the minister's home province, the provincial government pays one-third of the capital cost. I believe the day is long overdue when the senior government should consider using the act in such manner that it can make an outright donation to equal at least the donation made by any provincial government, instead of offering loans for capital construction which must be repaid with interest, thereby increasing rental costs.

I should also like to ask the minister if he is able to issue a renewed assurance that interest rates under this act will not be raised in the year ahead. As the minister is well aware, the interest rates on long term federal government borrowings have always been a determining factor in interest rates charged under this act. These rates have been rising for a considerable length of time, and I believe present federal rates are only one-hundredth of one per cent short of an all-time high since the Bank of Canada was first established. There is abroad the apprehension that if federal interest rates on long term borrowings remain this high or go higher the operating margin left to the officials of Central Mortgage and Housing Corporation will become so narrow that the interest rate payable under the terms of the National Housing Act will be increased.

I believe the Canadian people would like the minister to make a statement on the matter at this time. I know how happy we were about six months ago when he assured us that for the time being at least there would be no increase in the interest rates allowable under this act.

Another matter to which I wish to refer is one that I raised last year. I was very interested in hearing the hon. member for Nipissing ask for information concerning what

is happening under the insurance fund. I do not think the minister could be accused of having been persuaded of the correctness of the socialist approach, but I feel he would be exercising sound common sense in looking after the welfare of people who acquire homes under the act if he would give serious consideration to amending the insurance feature in such a way that monthly payments on homes purchased under the act would be paid in periods when the home owner is unemployed.

This may seem a fantastic idea to some Conservatives, but may I point out that many automobile agents are now advertising automobiles on the monthly payment plan and included in the terms of sale is a condition that any monthly payment falling due while the prospective car owner is unemployed will be automatically paid out of the insurance fund. We have many thousands of unemployed Canadians who are experiencing difficulty in meeting the monthly payments on their homes, and a cause of serious concern to them must be how long they will be able to continue without making regular monthly payments. Payments on homes during periods of unemployment could be included in the insurance feature. I also believe the government should consider providing life insurance for the purchasers of homes, and also insurance for payments during periods of complete and total disability.

If private companies can initiate schemes of this kind in their efforts to promote sales I do not think it is too much to expect the federal government to begin offering somewhat similar terms and conditions to purchasers of homes under the National Housing Act.

Mr. Green: Mr. Chairman, I would hesitate to take the lead in bringing about a system whereby the National Housing Act was administered in the same way as the sales of automobiles. If we ever adopted that system of financing I am sure of one thing, and that is that homes would cost the Canadian people a great deal more than they cost today.

The hon. member mentioned that everything was being done for home owners but very little for people who live in apartments but this, of course, is not the case at all. There are millions and millions of dollars being put out under the National Housing Act for rental accommodation. This money is being expended in different ways. For instance, it is available under the insurance provisions. Loans are not limited to homes that are individually owned, and in many cases loans are made for apartment buildings. There were 7,000 units started last year under the limited dividend provisions of the act. In the dominion-provincial loans scheme these, too, are all for rental accommodation; and for several months under the agency plan we were making direct loans to builders for apartment accommodation. Mind you, as the funds became low we restricted these loans to homes, but millions and millions of dollars have been provided under the provisions of the act for rental accommodation.

The hon. member said that Mr. Mansur had made a statement to the effect that there was some reason to doubt the wisdom of what he described as "forced home ownership". I have not read the statement made by Mr. Mansur, but I would doubt that it contained all the implications the hon. member mentioned. His suggestion appeared to imply that people should be forced to live in the centre of cities. The hon. member suggested we were getting too many homes in the suburbs, and that we should make people live downtown in rented accommodation. One of the reasons Canada has grown into a great, strong, young nation has been that to such a large degree it is a nation of home owners. Everyone in this chamber today who has had to start out and acquire a home of his own and dig the garden—I know in my own case I had to wheel rocks from all over vacant lots to make a rockery, and I might say that the rocks in Vancouver are mighty big—is of necessity a good citizen with a sense of pride in home ownership and a strong feeling of identification with his local community. When you own a home your roots go down. You take pride in that home, and it contributes to your feeling of happiness and well-being. I believe it is just human nature to respond in this fashion.

The hon. member expressed the opinion that it is a bad thing to have so many homes in the suburbs, and he referred to those individually owned homes causing headaches of all kinds. Well, they may cause worries to municipal authorities and transportation authorities and possibly in other ways, but we are a nation of free people. Canadians are at liberty to make their own choice, and they do not have to buy a house if they do not want to. Certainly in the last year they have shown every indication that they want to buy houses, and they want to buy small houses.

I have the figures here for the starts in the month of January. On an earlier occasion I gave the starts for the calendar year 1958. Starts to the number of 4,790 were made during the month as compared with January, 1958 when the figure was 3,945. This is an increase of 21.4 per cent. These are not completions, they are starts. If we had the figure for completions, naturally it would be

much higher because there were many more houses started last year. These are brand new starts for the month of January.

Then, in so far as people not wanting to buy houses or not wanting to own houses is concerned, there again the figures for January are very reassuring. The number of completed and unoccupied houses at the end of January, 1959 showed a decline from the previous year in spite of the fact that thousands and thousands more houses were built last year than in any other period in Canada's history. The figures are 3,010 as of January 31, 1959; 3,190 as of January 31, 1958. The figure is very reassuring. Housing in Canada is very, very successful at the present time. I think Canadians from coast to coast realize that fact.

Naturally we are very interested in any suggestions for the improvement of the housing policy. We try not to close our minds to suggestions of any kind, but my good friend from Burnaby-Coquitlam can rest assured that in Canada the housing picture is not too bad at the present time, and that the officials of the corporation and the government will endeavour to keep closely in touch with developments and change the policy as needs may require.

He mentioned the interest rate. There is no intention of raising the interest rate. That should be made clear at the present time. He is quite right in bringing that up. I think if he were responsible for housing policy he himself would hesitate to branch out into all those other proposals such as providing life insurance and nursing accommodation. After all, it was nursing accommodation and not housing that he mentioned. This also applies to going into the various other fields. We try to get into just as much as we can possibly handle in a sensible way. I think the housing program in Canada today and also under the former government—I am not claiming all the credit for the present government—is a policy which is typically Canadian and which has been succeeding very well.

Mr. Nielsen: Mr. Chairman, I have a little difficulty being seen down here. I wanted to bring one or two suggestions to the attention of the minister before the bill passes. I was particularly gratified to hear the minister's remarks on the putting down of roots and the resulting good citizenship which accrues thereby. It seems to us in the Yukon, at least in the past, that a good many policies such as the housing policy of the federal government have sort of by-passed the people up there. It simply does not work.

A good example of that, as I am sure the minister is aware, is the fact that since the housing act has been in existence only three or four units have been constructed by private individuals. The reason for this is quite apparent, namely that transportation costs to those northern areas simply increase the cost of construction to the point where it is simply beyond the means of the average income earner. A house which would cost $10,000 or $11,000 to build in Edmonton or Winnipeg would cost as much as $14,000 or $15,000 in the north.

As the minister knows, a family man with three children cannot get along in a house in the cost bracket of $9,000 or $10,000. He needs a three bedroom house, and in the northern areas this usually runs him up into the neighbourhood of $14,000. This house in the Yukon, at any rate, would end up costing him between $18,000 and $20,000. Even when you apply the maximum loan of $12,800 it can readily be seen how far beyond the capabilities of the average income earner this house is. He simply is not able to raise the down payment.

The minister has said that in Canada housing is very successful. From my own observations, and from listening to his remarks and the remarks of most other hon. members, I can fully realize this. I think it is very successful in the rest of Canada; but with all due deference to the minister—and I believe through no direct fault of his own—this success has not yet extended to the northern areas of Canada.

I said I was particularly interested in hearing the minister's remarks concerning the putting down of roots because, like him, I believe it does make for good citizenship. I might go further and say that unless the family man can look to good housing as well as to health and education facilities in many of those pioneer communities, and the possibility of obtaining them, we in the north will not get that type of permanent settlement that is desirable. One of the best methods of providing that facility to the individual who wishes to go north is by providing it under the provisions of the National Housing Act.

I understand that in some of the provinces there are schemes available which will allow an individual who wishes to build a house to draw on provincial funds for the purpose of bridging the gap between his down payment and the down payment required by the National Housing Act. I may be wrong here, but I believe some such scheme exists in Ontario.

I have this suggestion to make to the minister. I am sure he is well aware of the fact that the Yukon territorial government cannot afford to put up funds for this purpose. It might be possible, however, for the minister,

in co-operation with his colleague the minister of northern affairs, to arrange that funds be made available to the territorial government through the federal government for this purpose. A fund of this nature would enable the individual in the north to be assisted in raising the down payment necessary to bring himself within the terms of the National Housing Act.

Many hon. members might wonder why this suggestion concerning a fund should be made at all. I put this suggestion forward rather than suggest that the act be amended to accommodate special circumstances which are applicable in the north. An act which is national in scope cannot be amended to cover regional difficulties. I quite understand this. However, somehow or other this gap must be bridged. This suggestion of setting up a fund to assist the individual in the north will, I think, achieve that objective.

Now, the difficulties with regard to building in the north are many, and if we are to achieve any degree of permanency about the settlements, if we are to attract people to the north to achieve that degree of settlement which is essential to the proper development of the north, then we must look in the direction of providing those people who wish to go to the north with the amenities, perhaps not all the amenities but at least the bare essentials that are available to their fellow citizens in the south.

I shall terminate these remarks with the observation that in the opinion of the people in the Yukon, the housing act which has been so successful in providing homes for families with average incomes in the south, and in providing low rental and low cost accommodation, has certainly not been available to them. They have been working under a handicap. The turnover in population has been large. The inducements to settlement have been poor, and one of the areas in which improvement could definitely be made is in the area of housing.

Already, through his department and in co-operation with his colleague the minister of northern affairs as well as officials of Central Mortgage and Housing Corporation, the minister has made available to municipalities in the Yukon a scheme whereby low rental units may be constructed. I understand that the municipality of Whitehorse has already initiated plans to take advantage of this scheme. I am now speaking of low cost housing and plans which would enable the individual to acquire his own home which, because of the many factors I have described, is impossible at the moment.

Mr. Green: These are very interesting comments that the hon. member for Yukon has made. Central Mortgage and Housing Corporation adds 20 per cent to the Yukon appraisal rates but the loans, of course, are subject to the statutory maximum of $12,800. It might be wise if the Yukon council were to make some recommendation with regard to this policy. As the hon. member knows, there is now limited self-government for the Yukon and I have not heard that the council has made any suggestion that provision should be made for second mortgages on homes in the Yukon. This policy is in effect in the province of Quebec, but not in Ontario. It may also be in effect in some of the other provinces. It seems to me that would be a better way of making provision to meet this need than to try to amend the National Housing Act so that one provision was available for the Yukon and a different provision for the rest of Canada.

Mr. Nielsen: Of course I did not suggest that the act be amended, and I said that was why I made the alternative suggestion. I referred to the difficulty in amending an act national in scope to apply to any particular region. Certainly, as the minister has suggested, the initial request in this regard should come from the territorial government, and I shall certainly take steps to see that they are apprised of the minister's remarks.

Mr. Garland: I wonder if the minister's officials have yet been able to determine what amount the insurance fund has been debited for losses?

Mr. Green: Since 1954 there have been 10 claims on the fund from approved lenders for an aggregate amount paid of $99,077. There has been no loss to the fund in the taking over of the houses. There have been seven foreclosures of insured loans by approved lenders, under which no claim was made on the fund.

Mr. Garland: I think the figures we have just been given are ample proof that the corporation should give consideration to lowering the rate on insurance. I know the overall amount of money involved is large, but it seems to me that if, as I understand, there has been a debit of only $99,000 since 1954, while in the last year alone this insurance fund has been supplemented by something of the order of $15 million, then the insurance fee could be lowered.

Mention of this fact leads me to the main problem, I think, in connection with housing today. I do not want to take away from what has been accomplished in this last record year, but I think everyone will agree that one of the main problems in the industry today is the increased cost of housing. I do

not think there is anything quite so alarming to those who are concerned with the low income group, and there is no one in any corner of the house who has any priority in interest in this group. It seems to me our housing legislation is not fulfilling the need for which it was originally designed, that is the need for housing in what is sometimes referred to as the lower half of the income scale.

As I say, I am not seeking to detract from anything the government is doing at the present time, but this is a very real problem. I wondered what thoughts the minister may care to express today as to what the government may be doing to try to bring down the cost of housing. We know that each year there seems to be a continuing spiral of rising costs. We are not suggesting controls or anything of that sort, because we are well aware of the problem. I wondered if the government had given any thought to setting up a committee or a study group perhaps within the framework of the corporation, or one that would include officials of the corporation and some of the best brains of industry, finance and representatives of provincial and municipal governments. Perhaps some serious study could be given to this problem of rising costs.

I recall that not long ago an outstanding spokesman for the house building industry in Toronto made the statement that before long all houses in that particular area were going to cost $20,000 or more. This is a real problem, and it is preventing people in the lower income group from getting houses. I could not agree more with the minister—notwithstanding all that is being done in connection with limited dividend schemes and so on; they are all very good and should be encouraged—that there is no substitute for the man owning his own home. I think most people recognize the fact that it is becoming increasingly difficult for him to do so with these rising costs.

There is another problem to which I referred briefly here on Wednesday. Some means must be found to narrow the gap between the cost of these homes and the amount of the loans. I think these two problems are the major ones we are facing today. I wonder whether the minister would care to comment on them.

Mr. Green: Of course, Mr. Chairman, if the hon. member is advocating larger loans, that would mean that the person who is going to get a home would require an even bigger income than he is required to have at the present time.

Mr. Garland: Unless the regulations were changed.

[Mr. Garland.]

Mr. Green: I think there is a good deal of wishful thinking when it is suggested that any government should bring down the price of homes. It is easy to make that suggestion; and of course the federal government is always the last government to which people run in order to have it do all these things.

The hon. member suggests that the federal government should bring down the price of homes. After all, we live in a free country. As I said the other day, we have no intention of putting a ceiling on wages or of controlling prices. They have all been going up. The wage earners have been getting higher wages—and I am not quarrelling with that fact—and people have been getting higher prices for their goods. The corporation has been doing everything possible to keep down the price of homes. This is one of the main worries the officials have. In addition to that, each year the Canadian Construction Association, which also is greatly interested in this problem, has a conference in Ottawa to which are called representatives of many different fields of interest in housing, and extremely useful work has been done in this regard.

The hon. member will realize that the small home loan policy puts a limit on the size of a home. There are also many other restrictions. Many of the frills cannot be put into these homes if a loan is to be obtained. People like to have frills. They like to have the modern conveniences. I expect they are going to continue to like to have them. The price of homes simply cannot just be set at a certain figure and stopped from rising. The situation, of course, is far worse in a city like metropolitan Toronto. The problem is not nearly as great in the smaller centres of Canada. We are doing everything we can to try to keep the prices down.

In thinking of the debates that have taken place this session on the subject of housing, I am afraid the impression has gone out that nobody with a small income can get any help whatever under the National Housing Act. This is far from the truth. Over 13 per cent of the people benefiting under the small home loan policy have been in the income group from $3,000 to $4,000 a year. If more homes were built in the rural areas or in the small towns there would be a much larger percentage, but the people in those areas are not seeking new homes to the same extent as are people in the metropolitan areas. One reason that the figures look high is that so many houses have been going into the metropolitan areas like metropolitan Toronto. It is figured now that the lower half income group are from $4,500 a year down; that is for

family income. We are therefore getting well down into the lower income groups with our housing policy.

Another thing is that in respect of many of the loans for small amounts, we find that the borrowers do not want to put into a home the percentage of their income that they are allowed to put into it under the regulations. They can put in up to 27 per cent on the cost of a home; that is for the carrying charges on a home. However, there is fairly clear indication that in the lower income groups the buyers do not want to put that much in. Of course they are free to make their own arrangements. They are not forced to put in 27 per cent. If they did so, of course, it would mean that buyers with smaller incomes would be able to benefit under the provisions of the act. However, these are all extremely helpful suggestions that hon. members are making, and we will certainly give them careful consideration.

Mr. Garland: Can the minister tell us at this time how much of that $375 million, I think it was, which the corporation put out last year went into areas having a population of 50,000 or more?

(Translation):

Mr. Pigeon: In the first place, Mr. Chairman, I wish to commend the Minister of Public Works (Mr. Green) for having a further considerable amount voted to the C.M.H.C. to enable Canadians to acquire homes. The amount, which has already reached the billion-dollar mark, has helped and is still helping provide employment for workers, and develop construction throughout Canada.

In my constituency, especially in Repentigny, there has been a real housing boom, thanks to the C.M.H.C., or to the amounts which were voted as a result of the proposal made in this house by the Minister of Public Works.

The Minister of Public Works has already done much to improve the C.M.H.C. In the first place, down payments have been lowered and higher amounts are being loaned for building or purchasing homes. Secondly, the level of income required to obtain a loan has been lowered.

Again, I congratulate the minister for making these extra funds available to contractors and to individuals who want to build homes. At the moment, according to official statistics, Canada ranks first among all countries in the world in percentage of home owners, 65 per cent of existing houses being now occupied by owners.

I feel this is the best way to get Canadians interested in the future of their country, because a house owner becomes conscious of his responsibilities and his sole concern is to promote his country's interests.

In 1958, house building reached an all time high, thanks to the considerable amount of credit put at the disposal of Canadians by the Minister of Public Works.

Allow me, Mr. Chairman, to make two suggestions. I do not know whether it would be appropriate to consider the possibility, in order to promote house building in the wintertime, of granting a certain rebate or lower interest to anyone who built, say, between November and April. Mind you, Mr. Chairman, this is a suggestion I am humbly submitting to the house.

Moreover, the Central Mortgage and Housing Corporation, in co-operation with educational institutions and provincial governments, should consider the possibility of making eligible for government insurance, under the National Housing Act, all loans granted by loan institutions for the building of residential accommodation for students in universities and other educational institutions.

Mr. Chairman, I have sought to be brief. I merely wished to make those suggestions, in all humility, to the Minister of Public Works.

(Text):

Mr. Roberge: Mr. Chairman, when I spoke the other day on the principle of this bill I expressed my concern about the discrepancy that exists between the metropolitan and major urban areas as compared to the other areas of this country. As a matter of fact, in the statistics issued by the Central Mortgage and Housing Corporation we have at table 9 the number of dwelling starts—and I would confine myself only to the starts —in metropolitan and major urban areas. We can figure out for ourselves how many units are constructed by provinces in those areas, but on table 3 we have the number of dwelling starts by provinces. In table 1 of the same book we have the number of dwelling starts by areas. They show the number of starts for urban areas of 5,000 population and over, and for rural areas, non-farm and farm.

I wonder if it would be possible for the minister to give us some further information, because I am especially interested by those small municipalities and cities. Is it possible for the minister to give us, by province and

by area, the number of dwelling starts, confining myself to up to October last? What I mean is this. I would like to have the number of dwelling starts by provinces in rural non-farm areas and in urban areas of 5,000 population and over. I understand that those figures might not be immediately available, but I will be satisfied if I have my answer when we reach section 6 of the act.

Mr. Green: Mr. Chairman, this would require an entirely new set of statistics, and it would take us a little while to get them. However, I shall be very glad to give them to the hon. member as soon as possible.

Mr. Roberge: Even if it is not today, Mr. Chairman, I will be quite satisfied if I have them at a later date.

Mr. Pickersgill: Mr. Chairman, I wonder if I could ask the minister one question. Has any progress been made in getting houses built under the housing act in the fishing settlements, particularly in Newfoundland?

Mr. Green: Apparently there has not been much use made of the act in these communities. The hon. member will be interested to know that the corporation is now working on a do-it-yourself plan of house which it is thought would be acceptable in these areas.

Mr. Pickersgill: I was hoping, sir, that the president of the corporation, having formerly been deputy minister of fisheries and therefore well aware of the problems, would ultimately come up with some really good idea. This sounds like the beginning of a good one.

Mr. Green: He comes up with the answers to most problems.

Mr. Pickersgill: We appointed him for that reason.

Mr. Regier: Mr. Chairman, I am still not very happy with the reply of the minister to the issues I raised previously. I agree with him wholeheartedly that housing is a very successful enterprise at this time. I think the minister will also agree with me that in the main the act has been very, very successful in providing home ownership for that class of people who are of average or above average income level, but as far as supplying housing to those of below average income is concerned the act has in the main been a complete failure. As for supplying housing in the rental field it has been an utter failure and flop. The minister's own statistics reveal that.

Mr. Green: That is a ridiculous statement.

Mr. Regier: The minister says 7,000 units, which is only 5 per cent of the units built last year.

[Mr. Roberge.]

Mr. Green: That is only under one plan.

Mr. Regier: Yes, only under one plan; but I daresay that under all plans not 10 per cent of the housing which has been built has been for rental purposes. This has been going on year after year after year, and we have a large segment of the Canadian population who do not wish to become, and many who should not become home owners because of their work or other circumstances. It is this continued lack of the building of rental housing that is causing one of the very serious difficulties today.

Mr. Green: Might I point out to the hon. member that about one third of the housing starts last year under the National Housing Act were rental units.

Mr. Regier: Might I then have from the minister the statistics which bear out that statement?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Regier: Mr. Chairman, I was wondering whether the minister could tell us how he arrived at this estimate that one-third of the housing units which were bulit last year under the auspices of this act were units for rental purposes.

Mr. Green: It is not quite that good. We checked the figures at noon, and of the total N.H.A. units in 1958—86,762—rental units amounted to 18,041.

Mr. Garland: I wonder if the minister is now in a position to say how much of the $375 million placed through the corporations last year went out to municipalities of 50,000 or more.

Mr. Green: We will have to get that information. We have not got it available here.

The Deputy Chairman: Shall clause 1 be approved?

Mr. Regier: No. The minister has done some research over the lunch hour, and I have also done a little research. I agree that I was wrong, and I am very pleased to note the admission of the minister that he also was wrong. There has been a very pleasing improvement in the percentage that has been devoted to the cost of rental units when we consider the 1958 statistics and compare them with the statistics for 1957. I have obtained the information that in 1957, 23.2 per cent of the housing units that were built were built for rental purposes. I have only the

figures for the first three-quarters of 1958, but I notice that the figure has risen to 26 per cent. I welcome this development.

I should like to assure the minister that I am not making any effort to be political. After all, we are engaged in a serious matter, namely supplying the Canadian people with the housing that they need. Housing is one of the major needs in the lives of all of us, and I should like to appeal to the minister to consider all our proposals on their merit alone, as I know he means to do, without regard to whatever quarter of the house from which they may come.

The minister made reference to the rocks in British Columbia being mighty big, and we in this group realize well that the rocks are mighty big. The rocks in the government who represent British Columbia are mighty big also, and while they represent only 13 per cent of the composition of the government I know they represent 50 per cent of the brains, and with one minor alteration they might even represent 75 per cent of the brains of the government. We are very pleased with the work the hon. member for Vancouver Quadra has been able to do as minister in charge of public works, and especially with his efforts in the field of housing. I have heard some rather alarming rumours, but I am not very worried about who is the leader of the house, nor am I very worried about who is deputy prime minister. However—and I say this with all sincerity—I should like to see the minister who is now occupying the position of Minister of Public Works continue in that office because it is one of the most important offices in the government of Canada.

An hon. Member: Order.

Mr. Regier: I am very much in order, because I am referring to the minister in his capacity as the member of the government responsible for the administration of this act. The minister has told us that housing is going on very successfully at the present time, and I agree with him that this act is aiding those whose incomes are above average and, more lately, even those of average income, to satisfy their needs for housing in the dominion of Canada. We have no quarrel with that, and the minister is very wrong when he says that I attempted to imply that it was a bad thing to have many people living in the suburbs. I hope I did not say that; I hope I did not imply it. I hope I did not imply that I favoured any policy which would make people live downtown, to use the minister's words.

I have read through *Hansard* and I find that all the thinking represented in the ideas or suggestions offered the minister within recent days follow the same line; that is, how can we assist to increase the possibility of home ownership. All the arguments tend to be in that direction and even some of the changes in regulations under the act are inclined that way. I warned the minister a year ago about the danger of reducing the standards or minimum requirements as to the size of future houses in Canada. At that time I believe I said that Central Mortgage and Housing Corporation might find itself responsible for the building of areas that will be future slums. I regret the tendency to reduce standards and minimum requirements in order to encourage more Canadians to become home owners.

The minister has received many proposals one of which was that the period of amortization be increased. All the thinking in this house seems channelled in the direction of what can be done to enable more Canadians to buy homes of their own with the hope of eventually owning them. I appreciate that the minister has some conception of economics. As I indicated before, he has one of the sharpest minds in the government. I know he has heard of a fundamental law of economics, the point of maximum return. I am not so sure that that point has not already been reached if not exceeded in this policy of encouraging an increasing number of Canadians to become owners of their own homes.

I know the government is opposed to subsidized ownership of homes and I am afraid that like its predecessor it is also opposed to subsidized rental as a basic principle. We in this group see nothing wrong with subsidization in either field if it is in the national interest. I believe the minister knows full well that private enterprise has found it no longer profitable to build homes for rental purposes with the exception of luxury apartment suites. There was a day when it used to pay an individual to invest his life's savings in the building of an additional home for the purpose of renting it. He could safely count on receiving $1 per month in rental for every $100 of his investment. That situation no longer applies in Canada and in fact it has not applied for some years. Rarely today does a Canadian invest his life's savings in the building of homes for rental purposes. That is done now usually only in the case of super-deluxe apartment blocks where extraordinarily high rentals can be charged.

When we consider that private enterprise has completely deserted the home rental field so far as ordinary Canadians are concerned it can be seen that we have a problem on our hands. That is what Mr. Mansur the former president of Central Mortgage and Housing Corporation was referring to as I indicated

this morning when he said that there is a danger in forced home ownership. Mr. Mansur pointed out that this problem does not exist in French Canada but in English Canada. At page 148 of the report to which I have referred he is reported as having said:

> One other major difference in English-speaking Canada which I think has an influence is that there is not the landlord class in English-speaking Canada that there is in French-speaking Canada. The entrepreneurs in that field are not intrested as they are in the province of Quebec. Further, in English-speaking Canada we do not have that big sector of the most efficient rental housing of all—

I should like to underline this opinion of Mr. Mansur.

> —the most efficient rental housing of all, the duplex and the triplex where the owner lives in the bottom unit and is a resident landlord in respect to the one or two units above him. This is the ultimate in efficiency in managing rental property. This does not exist in the other parts of the country.

Mr. Mansur went on to say:

> I think that every effort should be devoted, as we are trying to, to encourage entrepreneurs in the residential field to get into activities like row housing—a form of rental housing which would be satisfactory to the English-speaking Canadian housewife and yet be economical for management by the landlord.

I believe those words are worthy of serious consideration by the minister in determining the administration of this act. In addition to the major point I have attempted to make that the act has not been too successful in meeting what may well be the major housing need of the Canadian public at this time and that is accommodation on a rental basis at modest rates.

I should like to ask the minister how far the present amendments to the act are intended to go or may go toward eliminating the existing racket in the mortgage field. I am sure the minister knows very well what it is to which I have reference. Are these amendments designed in any way to eliminate the regrettable occurrence on the Canadian scene where first mortgages are offered for sale at discounts as high as 25 per cent and second mortgages are offered as high as 50 per cent? I am sure the minister would agree that most of this negotiable paper being offered for sale is new paper. They are planned and plotted in advance of the building of the houses. We have a very unfortunate case in New Westminster, as the minister well knows, which is now before the courts and I may not debate it here. But I am pleased to see that at long last one of those cases has been hauled up before the courts for a judicial decision.

I also noted the minister's announcement that he is not contemplating any rise in interest rates in the future. I am very happy and I think millions of Canadians will be very happy with that announcement. Can we assume as a result of the minister's announcement that, in the interests of more housing for Canadians, this government will be prepared to meet an operating loss on the part of management of Central Mortgage and Housing Corporation? I think this is a vital answer to both management of the corporation and to our concern as to how long a period of time we may expect the minister's announcement on interest rates to remain valid.

I suppose the minister forgot to indicate his reaction to my plea that this government at least match what the provincial governments are doing and that they make a grant toward the provision of housing for senior citizens at least equal to the grant of one-third of the capital cost now being supplied by some of the provincial governments of Canada.

The minister has gone to great lengths to emphasize that this government considers itself only in the role of a residual lender. I think the sooner it acclimatizes itself to harsh, cold economic realities the better because, as the minister very well knows, the government is no longer a residual lender; it is the major lender and the major partner; therefore, I think we should not hear very much more of that residual lender business.

We have assumed this as a responsibility of the government of Canada and I think rightly so. I think that is where it ought to belong and the sooner we adjust our thinking along those lines the better off housing will be in Canada.

At the cost of repeating, I should like to say that our basic contention is that Central Mortgage and Housing Corporation has been tremendously successful and especially under the auspices of the minister who is responsible at the present time. However, our contention is that most of the help has gone to those who really do not need the help of the taxpayers of Canada, and that those who need the help of the community at large for the purpose of ownership, and especially in the rental field, have been left without the assistance that was originally announced as being the aims and objects of this act when it was first introduced in the House of Commons.

Mr. Smith (Lincoln): Mr. Chairman, I should like to direct a question to the minister at this time. I realize that I spoke on housing several days ago and I shall make my remarks as brief as possible. A good deal

has been said today about rental housing. There is a group of people on whose behalf I should like to speak because I have had considerable dealings with them. I refer to people who work in hospitals, especially in a hospital where there is a nurses' training school and a large staff of staff nurses, dietitians, laboratory technicians and all sorts of people of that kind, people who make employment in hospitals their life work. In the past we have had a great deal of trouble in finding housing accommodation for them. Would it be possible for a board of governors of a hospital to form a limited dividend company and build apartments for hospital staff? I know it was tried once before because I was involved in it myself at the time but nothing was done. I think it is a very important subject and I should like to get the opinion of the minister.

Mr. Green: Mr. Chairman, the answer is that if such a limited dividend corporation were formed, the units built would have to be self-contained and it might not be possible for the occupants to be restricted to the people mentioned.

Mr. Regier: I should like to have an answer from the minister on what his approach is to the operations of this corporation. He has informed us that there is no intention to raise interest rates and yet I believe money is made available to the corporation at cost to the government. That means an ever narrowing margin to the corporation. Is it government policy to subsidize the corporation if necessary or, when we get to the point that the corporation can no longer show a net return, will the government then raise interest rates?

Mr. Green: This is a hypothetical question, Mr. Chairman. There is no intention to subsidize interest rates. There is still a margin between what the government can get money for and the interest rate but we have no intention of adopting a policy of subsidizing interest rates.

Mr. Regier: Is the minister in a position to give us any information as to what the margin of C.M.H.C. operations was last year and also what the government is now paying or using as a base of long term interest rates on those bonds? We all know of the six per cent, but I should also like to know the average of what had been received. I note it lends money at less than six per cent.

Mr. Green: I cannot give the hon. member those figures this afternoon; I do not have them before me. The fact is there is a gap between what it costs the government to get the money and the interest rate. As I said this morning, we have no intention of raising the interest rate. What may happen next year or the year after I cannot say, but I would also add we are not going into the business of subsidizing interest rates.

Mr. Regier: I can assure the minister that we welcome his assurance that interest rates will not be raised. I am sure the officials must have the latest annual financial report of Central Mortgage and Housing Corporation before them at the present time and I am also sure they know very well now how they are faring even on a monthly basis. How did the corporation fare in its operations in January of this year? I think that would be most revealing because it has a bearing on the minister's announcement that, for the present, there will be no rise in the interest rate.

Mr. Smith (Lincoln): I should like to pursue a little farther the question of this building that I mentioned earlier and the minister's answer. The minister said this building would probably be for nurses, and it would not be possible to finance it through Central Mortgage and Housing Corporation. The building I had in mind would not be confined to nurses. I am not thinking about student nurses because they are taken care of in a different manner altogether. This building would be designed to take care of the people who work in hospitals, and that might include nurses, but would also include the people who work in the laundries, interns and others.

In our area we have apartments which are designed for old age pensioners, and they work out very well. If it were necessary to have this building available to anyone who wished to occupy it then, of course, we could not confine it to people who work in the hospital.

Mr. Green: I think the best method would be for the hon. member to put the facts of his case before the officials of the corporation, then we could decide whether or not it would be possible to help.

Mr. Roberge: I should like to make one observation. I was listening this morning to the hon. member for Joliette-L'Assomption-Montcalm, and if I am not mistaken he was asking the government to study the possibility of extending the act to cover loans for the building of residences for university students. I am very happy to find that it seems the hon. member has changed his mind and now favours federal aid to universities.

Mr. Howard: I have a couple of questions I should like to ask arising out of the earlier discussions, but first of all I would say that

I appreciate the opportunity of directing my remarks to 25 per cent of the talent in the cabinet.

Mr. Green: That is too high a percentage, I am afraid.

Mr. Howard: The minister would be a better judge of that than I.

The question of interest rates was raised by the hon. member for Burnaby-Coquitlam, and I should like to pursue it. I think this has a great bearing on our attitude toward this and other clauses in the bill. With respect to the lending of money, in percentages or in units of the interest rates charged, what is the return from C.M.H.C. to the treasury? Now, at the resolution stage I understood the minister to say that these advances are made to C.M.H.C., but that when repayments are made certain deductions are made, such as administration costs, the cost of getting the money and so on. The Minister of Public Works indicated he would like to get some credit for having that money go into the Department of Finance. Can he not give us any indication of the amount of money returned, in terms of the interest rate charged on the loans and its relation to the six per cent, so we would have an idea of the cost of administration and of borrowing money?

Mr. Green: The corporation makes no deductions from the moneys it receives from the mortgagors. The whole amount is paid into the treasury.

Mr. Howard: I am sorry, but I did not catch what the minister said.

Mr. Green: The whole amount that is collected from the mortgagors is paid into the treasury without any deduction by the corporation.

Mr. Howard: Would it be the Department of Finance, then, to whom it is paid, and would the Department of Finance have this information available? What is the difference between what it costs to borrow money in the first place, as compared with what the interest charges are, so that we could think in terms of profit or loss if those are the terms that are used?

Mr. Green: The money which the corporation gets is charged to it at a certain rate which is set every six months by the Department of Finance.

Mr. Howard: Could the minister tell us what that rate is?

Mr. Green: It varies from time to time. It is 4⅜ per cent at the present time.

[Mr. Howard.]

Mr. Howard: That is helpful to a degree; that is the rate at the moment. This 4⅜ per cent interest charge, has that been increasing in the past year or two? What was it a year ago? What has the average been over this past year?

Mr. Green: It varies from time to time. A year ago it was one-half per cent smaller.

Mr. Howard: I understand that C.M.H.C. computes its operations on a calendar year basis, so what would be the average over the past year? Are you able to determine that?

Mr. Green: We could not give the hon. member that information today.

Mr. Howard: It would take quite a bit of work?

Mr. Green: It involves the amounts that are obtained, which vary, as does the rate from time to time.

Mr. Howard: I have another question which involves the interest rate. There is a section of the act which states that the governor in council may set the interest rate to be charged to borrowers, and that there will be a maximum with respect to that. In so far as insured mortgage loans are concerned the act says the maximum rate allowable cannot be more than 2¼ per cent above the interest rate on long term government bonds. I wonder if the minister could indicate at the moment, having in mind this formula that the rate cannot be more than 2¼ per cent above the rate on long term government bonds, what the maximum rate could be? I realize the minister said it is going to remain at six per cent, but assuming at the present time he was desirous of raising it, what would be the maximum?

Mr. Green: That would have to be in accordance with the act; at the moment, it could go to 6¾ per cent. I think it is a little unfortunate to have any emphasis placed on these particular figures. For one thing, it would be just too bad if the people across the country got the idea they were going to have to pay more for their loans. I have already dealt with that and said that there was not that danger at the moment. After all, this is not going to happen, this 6¾ per cent is not going to be charged in the immediate future.

The very fact that these fictitious interest rates are shown or pictured in the house may have a bad effect on the borrowers. They may think that they are going to have to pay that much more and therefore they will not borrow any money and therefore they will not build houses. On the other hand, publicity the other way to the effect that interest rates

are going to go down and all this kind of business and that they must go down means that it may be more difficult to get money put into homes by the lending institutions. As I have intimated, we have held the line at six per cent and we have no intention of changing it under present conditions. This is the vital fact which should be kept before the Canadian people. I would regret very much if the idea should get out as a result of these questions this afternoon either that the interest rate is likely to be raised or on the other hand that the interest rate is likely to be lowered. It is not going to help housing very much and it is not going to help the Canadian people very much if this impression goes abroad.

Mr. Howard: I hope I do not fall within the category of one who is to be criticized by the minister's comments. It is certainly not my intention to instil in anybody any fear that interest rates are likely to go up or go down. I would prefer to see them go down and to see a government announcement to that effect so that we can deal more successfully with borrowers under this act. We have been merely trying to make it as completely sure as we can, and to get the minister to reiterate it time and time again without too many qualifications, that interest rates are not going to go up. We were told on other occasions or other parliaments have been told on other occasions that interest rates would be maintained at a minimum, but slowly over the years we have seen that interest rates under the National Housing Act have been going up and up. It is not the minister of public works, whoever he might be at that particular time and it is not Central Mortgage and Housing Corporation or it is not this government which decides what these interest rates will be; it is somebody outside. It is the private financial institutions who decide what the interest rates will be. That fact was quite evident when they were raised to six per cent. It is not our desire to try to scare anybody off. I hope the Minister of Public Works is not trying to lay the ground work for blaming somebody else if interest rates go up or if there is some drop-off in production.

(Translation):

Mr. Pigeon: Mr. Chairman, this morning I had the honour to address this house briefly, but in my absence this afternoon the hon. member for Megantic (Mr. Roberge) attempted to falsify the truth by ascribing to me certain statements that I never made in this house—

(Text):

Mr. Roberge: Mr. Chairman, I rise on a point of order.

The Deputy Chairman: I will hear the hon. member for Megantic.

Mr. Roberge: I just heard the hon. member for Joliette-L'Assomption-Montcalm say that when I rose a few moments ago I said in this committee something that was not true. I think that the hon. member should be asked to withdraw what he has just said. If he wants to correct what he said or what I said, that is all right with me but he cannot say in this house that I am not speaking the truth.

(Translation):

Mr. Pigeon: Mr. Chairman, when I had the honour to address the house this morning, I was not at all referring to grants to educational institutions. I merely enquired whether C.M.H.C. officials, in co-operation with provincial governments, after the latter have been advised or informed and provided that they agree, might make it possible for educational institutions in Canada to take advantage of the National Housing Act with regard to students' residences.

There was no reference at all to university grants, although I shall have occasion to deal with that particular matter at some later date, but the hon. member for Megantic has been dishonest with me—

(Text):

Mr. Regier: I wish to say a word on the point of order, Mr. Chairman. I do not know how this thing works. I do not know how far we can hold the translator responsible. However, I heard the hon. member for Joliette-L'Assomption-Montcalm say that the hon. member for Megantic attempted to falsify the truth. I think the hon. member for Megantic has a perfectly valid point of order and that the hon. member for Joliette-L'Assomption-Montcalm ought to withdraw, if this translation is official. If this is unofficial, I have nothing to say.

Mr. Roberge: I wish to speak on the point of order, if I may; I might raise a double point of order. The hon. member for Joliette-L'Assomption-Montcalm, before he again started to speak on this matter—and of course the Chair did not rule on this matter—went on to say that I was dishonest. That is even worse than what he said in the first place.

Mr. Pickersgill: Mr. Chairman, I should like to say a word on the point of order raised by the hon. member for Megantic. The hon. member for Joliette-L'Assomption-Montcalm said that the hon. member for Megantic was malhonnête. I submit to Your Honour that he should be asked to withdraw that expression because it is not proper for any

hon. member to say that another hon. member of this house is dishonest, no matter in which language he says it.

(Translation):

Mr. Pigeon: Mr. Chairman, in order to close this discussion, I would ask that hon. members look up tomorrow's *Hansard*, which constitutes the official record. The hon. member for Megantic took advantage of my absence, as opposition members are given to do, and attempted to put words in my mouth that I never said.

(Text):

Mr. Pickersgill: That is another insinuation.

The Deputy Chairman: Order. The question of whether the hon. member took advantage when another hon. member was not here is not the point at the moment. The point at the moment seems to be whether or not the hon. member for Joliette-L'Assomption-Montcalm referred in unparliamentary language to the hon. member for Megantic. As all hon. members know, it is not unparliamentary to say that a statement is untrue. However, it is unparliamentary to say that an hon. member is lying. If that is the impression that the hon. member for Joliette-L'Assomption-Montcalm left with the members of the committee, I feel that he would agree with me when I say that it would be much better if he would withdraw the remark.

Some hon. Members: Withdraw.

Mr. Aiken: Mr. Chairman,—

The Deputy Chairman: Is the hon. member for Parry Sound-Muskoka speaking on the point of order?

Mr. Aiken: Yes, Mr. Chairman.

The Deputy Chairman: I will hear him.

Mr. Aiken: What I heard on the translation system was that "the hon. member was dishonest to me". That is the way it was translated. I feel it was not a case of being dishonest but of being unfair.

(Translation):

Mr. Pigeon: Mr. Chairman, to comply with the standing orders of the house, I shall merely say, and I am sure everyone will understand me, that the hon. member for Megantic credited me with intentions which are not in accordance with the statements I made this morning.

(Text):

The Deputy Chairman: Shall clause 1 carry?

Mr. Garland: Before the clause carries I wonder whether the minister is yet in a position to say how much of the $375 million placed by Central Mortgage and Housing Corporation was placed in areas with a population over 50,000? I asked that question well before lunch. I should like to have an answer.

Mr. Green: This will require a special set of figures. This will have to be run off by regions. We will get that information as quickly as possible and let the hon. member have it.

Mr. Fisher: There are several points I want to raise in connection with this legislation. I imagine that the minister is familiar with one of them through the hon. member for Scarborough. It relates to the problem in connection with the area known as Stapleford farm. I am going to relate this matter to the bill very shortly. As the minister is aware there has been going on in the Scarborough region a controversy that has two aspects.

One is the fact that people in privately developed subdivisions are up in arms over this Stapleford farm development because they have paid approximately $2,100 or $2,200 for their property, and it appears that people in an adjoining area putting up their own homes under the land settlement scheme can get their lots for $800 or $900. This has caused hard feelings.

The other aspect is that there is this feeling, which is supported by a letter I have here written to the Hon. William Nickle by the education director for Scarborough, that figures which have been released in connection with this plan have not been fair in that they do not show that where you have rental units you have the type of families where there are more children than usual, and so you have an extra burden on the school cost. I thought the hon. member for Scarborough could take a certain pride in the position which he took at certain public meetings in the area when this controversy developed, but I would like to know what the hon. minister and the Central Mortgage and Housing Corporation officials intend to do in this particular field to try and straighten out this problem, which promises to be a developing one.

An animosity is developing between people in private subdivisions and these land settlement plans with rental units, and I would like to ask if there will be any consideration given to tackling this educational side of the problem. In a city like Port Arthur or Fort William it would not be a particular problem, because you have one educational authority; but where you have a cluster of educational authorities, a rental housing scheme means that there may be a funnelling and concentration into that area of an inordinate number of children, and so the school costs go up inordinately. This is a real problem, and I

would like to suggest that the figures in connection with what the federal government is spending in the metropolitan areas are really disappointing.

The Lawrence park development, the Regent park south development and the Scarborough development really add up to a pittance in terms of rental housing in comparison with the great wen which has been growing at Toronto. All the good intentions in the world which have been expressed by the hon. minister and the previous minister are not going to give a real, dynamic lead in this particular rental field. The hon. member for Welland has already made the point that this matter is an important one. I do not think the minister has given us enough indication that his department, the Central Mortgage and Housing Corporation and this legislation is going to have any particular effect in this field. I would ask that he consider very seriously what can be done to head off these developing conflicts between people who may have National Housing Act loans themselves but who look over at a subdivision where you have rental units, which in turn gets their backs up. As I believe the hon. member for Scarborough pointed out at public meetings, this injects a sort of class distinction into the community which is bad; but more than that, it is beginning to put an opprobrium on rental housing just at the very time when that is a topic the federal and provincial governments should be attacking.

The other point I wanted to bring up arises from an answer which I received on January 19 from the corporation, through the minister, relating to foreclosures. I was very pleased with the information supplied in this answer, and I wondered why the hon. minister or the corporation did not make more of it. We have had only a total, I think, of eleven mortgages which had to be foreclosed in 1958 under the National Housing Act. I want to point out in this connection that on June 12 of last year Mr. Bates, the president of Central Mortgage and Housing Corporation, was reported to have told a Senate committee, in relation to mortgages being in arrears:

> The situation is not dangerous yet, but in many parts of the country there is evidence of people being in difficulties.

I would suggest that the information which has been tabled indicates that the fears of Mr. Bates have not quite been realized. This article, reported in a press release from the Ottawa bureau of the *Globe and Mail* dated June 12, points out that there is a reserve fund of approximately $30 million, built up as insurance against these loans collapsing. Mr. Bates went on to say:

> All seven claims made on the fund arose from foreclosures necessitated by a disruption of the borrower's family—

In other words, these were very special circumstances.

> The corporation sold the houses involved and actually made a profit of more than $4,000 on the seven transactions. This profit went into the insurance fund but if any of the original borrowers turned up, he would have a claim on any profit made on the sale of his house.

The point I want to make is that according to the evidence filed the foreclosures have been so few that the reserve fund must be in a strong position. I would like to know why the minister last year took exception to members asking questions about a moratorium on foreclosures of mortgages. Does not the very stability of the whole operation and the fact there is still little pressure on the reserve fund indicate that there should be lower interest rates? It seems to me that should be one of the chief arguments in support of that proposition. If there are so few foreclosures, and the people getting involved in this type of housing are so trustworthy, why cannot we see some advantage accruing out of that situation? I know that the hon. minister cannot foresee a continuation of this recession; I am sure he is one of the persons who would tell us we are moving on to bigger and better times and that things are going ahead. Therefore perhaps there will be even fewer foreclosures. Why could there not be some adjustment in this particular regard? The only adjustment I can see in this legislation is that, as far as foreclosure is concerned, any lawyer who gets into the deal will get an extra $50. With all the respect I have for the legal profession, I see no reason why in this particular situation they should be getting the extra fees.

Mr. Green: I dealt with this question of the reserve fund at some length this morning. I would point out to the hon. member that if, for example, one of the mining settlements in his own province were to shut down its mine, there could easily be a loss occasioned running up into $30 million or more which would have to be met from the reserve fund. This fund is set up as an insurance fund, and it is being watched very carefully. The whole position is being kept under close supervision, and just because there has been no need to draw on the fund to any extent for the last three or four years would be very poor grounds for cutting the fund in half. The corporation is simply following good business practice in building up this reserve fund. What may be done later on is a different matter, but as of today I do not think

anyone can quarrel with the business judgment that the officers of the corporation have shown.

Then the hon. member also mentioned Stapleford farm. This is a project which is still under investigation. It involves not only the federal government but, primarily, the provincial government, and the settlement of the problem arising between one group of residents and potential residents is primarily the responsibility of the provincial government. We have a similar difficulty right here in Ottawa on the Base Line road. The corporation has quite a few difficulties; this is only one group of them, and there are many others. I think the hon. member will find that the problem will be worked out in a fairly satisfactory manner.

Mr. Fisher: With regard to what the minister has said, I can see the possibility of a mining community such as Elliot Lake collapsing, of course, but this is an example of a case where the many people who are taking advantage of this housing act are, in effect, subsidizing a particular community, and the government is taking advantage of that. If there is a special risk in the Elliot Lake community, for example—and I think all hon. members know, if they come from northern Ontario, that there is a possibility of things going haywire there—why should this not be treated as a special case, instead of the risk being spread across the country?

Mr. Green: I would point out that the statement just made by the hon. member for Port Arthur is exactly the opposite of the statements made by the union leaders from Elliot Lake. The people there were not able to qualify for ordinary loans under the National Housing Act; loans would only be made where the mining company would guarantee repayment, and the union leaders came to me and stated their case. I thought they were reasonable in asking for the same kind of treatment in Elliot Lake as the people in Port Arthur were getting. The hon. member cannot have it both ways. I have already moved to meet the wishes of his own union people. If he wants that ruling reversed—I would not reverse it anyway—I should like to know where he stands.

Mr. Fisher: I should think that the solution is not to give the people of Elliot Lake the advantages that the people in the rest of Canada have, in so far as they are a special risk, but rather for the government to recognize that this is an area of special risk and to treat it as a special case. As to the remarks made by the minister about the views of trade union leaders, I may say that there are many things brought up in by unions with which I do not wholly agree.

Mr. Stinson: Since the hon. member for Port Arthur appears to have completed, for the moment at least, his questioning of the minister with respect to this legislation, I wonder if he could tell us what he meant when he said that certain of the citizens from Scarborough had an inordinate number of children.

Mr. Fisher: This must be straightened out right away. I wonder if I could do it by reading the information contained in this letter to the Hon. William Nickle. The letter is signed by R. W. King, executive secretary of the Scarborough board of education. Mr. King, on the second page of his letter states—

The Deputy Chairman: Order. Will the hon. member please explain to me what this has to do with the bill? There may be a point.

Mr. Fisher: I was asked to answer a question. I just wanted to make the point that the statistics presented by the secretary of the board of education in Scarborough indicate that wherever in Canada you have low rental housing you have a pattern of more children than you have in privately developed subdivisions. So this is the danger. I would hate to believe that Scarborough had an inordinate number of children. I do not think you can have too many, as the former minister of citizenship and immigration would no doubt agree.

Mr. Regier: I think the minister would agree that he might have been a little off base when he said the loss in one single mining community might run as high as $30 million. If I understood him correctly, that would mean about 3,000 homes. I think the minister might wish to correct that statement.

Mr. Green: There are over 3,000 loans.

Mr. Regier: In Elliot Lake? In that case I can see quite a predicament arising for the hon. member who represents that area.

However, I wish the minister would answer the question I asked him earlier, whether these amendments to this act now proposed will do anything to help eliminate the racketeering in mortgages that is occurring at the present time. I note that the minister did not state the views of the government on my appeal that the government should match the contributions of the provinces toward the provision of homes for senior citizens rather than making a loan to these enterprises which has to be recovered with interest out of rentals. If the minister does not want to answer this question, if he does not want to

commit the government, and if he will tell me that the government has the matter under consideration and is really concerned to do as much as the provinces are doing, I would be very happy. I should hate to put the minister in a position where he might commit the government if there is any hope at all along this line.

The main issue this afternoon has, I think, been the apparent desire of the minister to have things both ways in the matter of interest rates. He has told us in an unmistakable manner that the Central Mortgage and Housing Corporation is not to be operated at a loss. That will not be tolerated. He has also placed emphasis on the fact that the government is to be considered only as a residual lender and that private capital is to be encouraged to enter the housing field wherever possible. The minister knows very well that the rate of interest on private capital in housing today is considerably in excess of 6 per cent—I think the average rate from one end of Canada to the other in respect of a first mortgage is at least 7 per cent, if not more.

Mr. Green: No, no. The hon. member makes these statements which are not accurate and, unfortunately, they get into the press because they are not accurate. The interest rate for insured loans under the provisions of the National Housing Act is 6 per cent, just the same figure as though the corporation lent direct. The hon. member talks about a racket in mortgages. There is no racket whatever in connection with loans under the National Housing Act. Any racket there may be is in second mortgages, and we cannot do anything about that. Then the hon. member complains about the corporation being a residual lender, and he puts a completely false interpretation upon what that means. When we say residual lender what we mean is that we ask the applicant to apply to two different lenders for loans. If he is turned down, he can come to us. In a small town he need only apply to one lender, after which he can come to us. The impression the hon. member is seeking to create about the residual lender policy is simply not accurate, and the unfortunate part is that probably in the press tomorrow these statements will be publicized, and nobody can ever catch up with them because that is something which just cannot be done.

It is unfortunate.

He then asks, "why do we not put up the same amount as the provinces on limited dividend schemes for old age pensioners?" We make a 90 per cent loan at a reasonable rate of 4⅛ per cent and give 40 years to repay. The province makes a capital grant. I do not feel that the federal government should be severely criticized for its part in these projects. We have given them every encouragement. We have helped many across the country and intend to continue to do so. The hon. member creates the impression that we are holding back, are not willing to do our part and all that sort of thing.

Mr. Winch: Mr. Chairman, I believe I can speak with a little authority on the subject of housing for senior citizens for, as the minister knows, my late father as a member of the provincial legislature of British Columbia started the first project of this kind in that province. I may say he always received the greatest assistance and co-operation from Central Mortgage and Housing Corporation. As a matter of fact, on that project we now have approximately three-quarters of a million dollars worth of housing and although it breaks my heart a little to say it we still owe Central Mortgage and Housing Corporation approximately $387,000.

The hon. member for Burnaby-Coquitlam raised a question which I think deserves sympathic understanding and perhaps comment on the part of the minister. As was pointed out by the minister it is possible to borrow money from Central Mortgage and Housing Corporation at less than the usual rate for projects of this kind. Approximately seven or eight years ago when the projects were started in British Columbia it was possible to supply senior citizens with an excellent modern home or apartment at a rental for a couple of approximately $21.50 or $22.50 a month, if my memory is correct. Because of increased costs of construction and repairs it is no longer possible to provide accommodation at that rate.

What is not generally recognized by the majority of people and often not by the tenants themselves is that the basis of the rental is not established by organizations in this field such as New Vista, Canadian Legion or the United Church but rather it is established by Central Mortgage and Housing Corporation. The corporation checks each year on the administration and financing and sets the rental. The corporation has almost complete control but I do not question this because it does advance money at lower rates of interest than could otherwise be obtained. Whereas a few years ago it was possible to make homes or apartments available at the rental I mentioned it is now necessary to charge up to $35 a month for new accommodation. The modest increase in old age pensions and the lower dollar value results in the senior citizens being penalized. In view of the fact that the government of

British Columbia has contributed not less than one-third of the capital cost as an outright grant and in view of increasing costs confronting our senior citizens is it not possible for the federal government to bring rentals more in line with the ability of senior citizens to pay?

Mr. Green: I think it should be made clear that rentals on existing projects have not been increased at all. Where new projects are being built the cost of construction is a great deal higher than the cost of earlier projects and so, of course, the rental is based on the current cost of construction. I believe that is the situation.

Mr. Winch: If the minister will check with his officials I believe he will find that any change in rental as a result of the increased cost of administration, decoration or repairs has to be authorized by Central Mortgage and Housing Corporation. No change may be made without the authority of Central Mortgage and Housing Corporation.

Mr. Green: If the operating costs, not of Central Mortgage and Housing Corporation, but of the limited dividend corporations go up they have to take the responsibility of applying and getting the approval of Central Mortgage and Housing Corporation before they can increase the rent.

Mr. Winch: I have no objection to that. I have been connected with these projects in British Columbia since their inception. We are proud of the housing we have and as I said it amounts to approximately three-quarters of a million dollars worth of construction.

I am simply pointing out to the minister that because of increasing construction costs and the increasing costs of administration, decorating and repairs the associations carrying on that kind of work with the consent and authority of Central Mortgage and Housing Corporation in order to remain in the black as they must be are having to raise the rents. I know that we could rent these houses or apartments for $125 or $150 a month if they were on the market. The rental of this accommodation is now as high as $35 a month and because of increasing costs and a lessened dollar value it is out of the range of many senior citizens. We are simply asking if it is not possible for the federal government to make a contribution at least equal to that made by the provinces thereby enabling the associations involved in this field to bring down the rentals.

Mr. Green: This would mean a new policy right across the country.

[Mr. Winch.]

Mr. Winch: Of course.

Mr. Green: As far as I am aware there has been no such request from the Canadian Legion. They have some low rental housing projects in Vancouver as have many of the service clubs. I believe that these organizations make a contribution toward the cost. The result of the suggestion of the hon. member would involve a complete change in policy across Canada but I shall be very glad to look into this question.

Mr. Winch: That is all I ask.

Mr. Regier: Mr. Chairman, I was rather amazed at the approach taken by the minister a few moments ago. First of all he deplored my mentioning the racket in the mortgage field. I was hoping he would associate himself with my attitude in this regard. The minister knows very well indeed that in his own home town first mortgages may be purchased at a 25 per cent reduction of the principal and second mortgages may be purchased for discounts running all the way up to 50 per cent.

Mr. Green: Not National Housing Act mortgages.

Mr. Regier: I will agree with the minister at once; these are not National Housing Act mortgages, but I think the minister did not understand what I was asking. I was asking, will these proposed amendments in any way help to eliminate this racketeering that exists in the mortgage field in Canada? When I made the statement that first class mortgage rates in Canada were at least seven per cent the minister cried blue ruin and attempted to say that I was only attempting to get newspaper headlines. May I say to the minister that I know intimately one association whose assets are $1,500,000-plus, and that those people have been able to find safe investments, have been able to lend out on first mortgages even more money than they have at eight per cent, and have been able to place all the money at their disposal on first mortgages at eight per cent for many long years now.

If the minister attempts to cast any aspersions on my claim that a realistic first mortgage rate across Canada at the present time is seven per cent I think he is very misinformed indeed because first mortgage rates by private lenders—I am not now referring to Central Mortgage and Housing Corporation mortgages—are at least seven per cent. The minister is attempting to have things both ways. Since he is a British Columbian I can well understand that. We have long learned to have our cake and eat it, too. We pay off the debt of the province while our debt climbs higher than ever at the

same time. We are used to that kind of policy. However, the minister said he is absolutely opposed to a subsidy for the operations of Central Mortgage and Housing Corporation. He made it very definite, yet at the same time the minister must know that earnings at the moment on the 1983 federal conversion bonds are approaching five per cent.

The act allows for a margin of operations to the Central Mortgage and Housing Corporation of 2¼ per cent, which would bring the interest rate that might be charged to somewhere near seven per cent. The minister assures us that interest rates will not be raised and we love that assurance. At the same time he denies to the officials of the corporation any idea that they can count on an operating loss and retain the support of the government. I do not know what is the operating cost margin percentagewise of the corporation. I would be very happy if the minister supplied us with that information. What is the actual cost percentagewise? Is it one per cent, is it three per cent or is it two per cent? We would like to know. However, when the minister goes overboard, as he did a year ago, in attempting to create the impression that we shall have to do whatever is necessary to interest private capital into the housing field, he knows as well as I do that this means only one thing. There is only one kind of bait that will attract them unless the government is prepared to take action, namely the bait of higher returns. When the minister assures us that the return will not exceed six per cent and we know that the base is rising and we know that there must be some expenses connected with the operations of the corporation, we do not know what we are to take from that.

The minister says he will not countenance subsidizing the corporation. At the same time he says, despite all statistics to the contrary, that he will remain firm. We welcome this decision more than the other, I must say. We welcome the decision that interest rates will not be raised. We would regret very much to have to pass this legislation and one month hence read that because of market conditions it is regretted that the government has had to raise interest rates beyond the six per cent level. That is the only thing we want to be assured of. We want to be assured that if necessary the government would rather subsidize the corporation than see a further rise in the interest rates, and the minister has not yet satisfied us on this point.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Administration of insured loans.*

Mr. Garland: I want to speak for just a moment on subclause 2 of clause 3. This clause is applicable only to loans made after the coming into force of the act. The minister will recall that at the resolution stage we had a few words to say on this matter. We dealt with it at some length on second reading, therefore it is not my intention to restate the arguments I put forward at that time. I am not in any way getting away from the fact that we gave full support to this on second reading, but it does seem to me that by this subclause 2 we are creating two classes of mortgages, namely those that are guaranteed up to 98 per cent and those that are 100 per cent guaranteed.

I know that by this very legislation the government is anxious to make mortgages more negotiable. This is most desirable. It seems to me that in creating these two classes of mortgages no assistance at all is being given to the mortgages that exist today. I cannot see any real reason why a mortgage made next year should by the implementation of this act be made more desirable. A mortgage made next year will be more desirable, more negotiable than one made, say, last year. There does not seem to be really any justification for setting up two classes. Can the minister say a word on that?

Mr. Green: Apparently there is some slight price differential between a mortgage on which the insurance is up to 100 per cent and one on which it is 98 per cent, but not as big a price differential as there would be between a mortgage which carried an interest rate of five per cent and one which carried a rate of six per cent.

As the hon. member knows, there are many mortgages which come under the National Housing Act which are at a rate other than six per cent and we did not feel that there was any reason why we should make a donation of two per cent on the mortgages which have already been issued.

Mr. Garland: It does seem to me that the desire of the legislation is to make those mortgages more negotiable. I cannot come to any other conclusion than that we are setting up two distinct classes of mortgages, one more desirable than the other. It would seem to be as desirable to make mortgages that were made a year ago or two years ago as negotiable as many that may be placed in the future.

Mr. Green: Of course, we have different types of mortgages because the interest rates have been different. In addition to that, one of the main purposes of this amendment is to

encourage fresh money to come into the mortgage market, and it will have that effect. Anybody putting up money now will have an insurance policy which covers up to a total loss. The officials believe it would be unwise to make this retroactive to apply to all the mortgages which have already been issued by the corporation in the years gone by.

Mr. Howard: I have just one question with respect to this particular clause. In effect, from what I can gather, it does remove any possible element of risk on the part of the investor, does it not?

Mr. Green: No, it may not quite do that. Hitherto, they could only be protected up to 98 per cent and now, under the amendment, they can qualify up to 100 per cent under the terms of the mortgage.

Mr. Howard: I think probably that is what I was getting at in the first place. If a bank, for instance, or an approved lender under the act lends money, from now on after this bill is passed and receives royal assent that loan is insured and guaranteed. There is no element of risk whatever, is there?

Mr. Green: It certainly removes most of the risk. In my view, one of the main attractions of the amendment from the point of view of the corporation is that it will make it possible for trust funds to be invested in these mortgages to a far greater extent than is possible now. When the insurance coverage was only 98 per cent some of the lenders were advised that they could not put in various types of trust funds.

Mr. Howard: The minister said it would remove most of the risks. What would be the balance left after most of the risk has been taken into account? What risk is there left?

Mr. Green: I can only give the hon. member one good example. A lawyer might charge $500 for the foreclosure and the figure that can be recovered is only $150 even when these amendments come into effect.

Mr. Howard: The minister should have answered my question by saying "yes" in the first place. Then, we would not have had to go all around like this.

Clause agreed to.

Clauses 4 and 5 agreed to.

On clause 6—*Advances out of the C.R.F. to make loans and pay losses.*

Mr. Garland: Before clause 6 carries, I must say that I find it strange that the minister, surrounded with all the top brass he has, is unable to tell me how much of the $375 million that the corporation placed last year, went into the large centres of Canada. I raised the question earlier today, and I should like to have an answer before the bill passes.

Mr. Green: Apparently it is a question of the way in which the statistics are kept and the machines operate. The corporation has not this figure available in this particular manner. They will have to make what they call a special run, and apparently that run cannot be made today.

Mr. Garland: I wonder if the minister might question his officials to see if the figures are available in a different form. I do not want to have them set up a new set of figures. It seems to me that this information must be available, in perhaps different form, but which would convey the same information I am seeking. I want to know what percentage of this $375 million went into the large centres of Canada, that is all. Perhaps I can help by asking, do they have figures for other than the centres of 50,000 I mentioned? Would they have figures for centres of 100,000 and over?

Mr. Green: My officials say they can get this by Monday. Each week I get a return showing me the activities of the week, and the hon. member might get a sufficient indication of the split from that to satisfy him. For example, in the week ending February 20, approvals in centres of under 55,000 were $375,086; centres over 55,000, $235,619. Then, the figures for 1958-59 up to this date were, under 55,000, $37,832,531; over 55,000, $17,815,776.

In addition a great deal of the money went out to builders. There was not so much in the week ending February 20 because we cut off the loans to builders on December 31 for the reason that if the money were lent after that they would not be building in the winter, so builders' loans that had not been dealt with amounted to $51,211, and in 1958-59, builders' loans totalled $168,866,381. The figures for these loans to builders are not broken down into centres of over 55,000 or under 55,000, and this is where the officials are meeting with their difficulty. However, I think it can be taken for granted that the great bulk of the money which went into builders' loans went into the centres of over 55,000.

Mr. Garland: Can the minister say, how much of the $375 million that was placed last year was placed in the Toronto area?

Mr. Green: We can get these figures, but the large percentage of it was in metropolitan Toronto. More money has been put into metropolitan Toronto than in any other

place in Canada. I will get that figure and will let the hon. member know.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

The house in committee of supply, Mr. Sevigny in the chair.

Mr. Pickersgill: Mr. Chairman, I wonder if I might make a suggestion to the hon. lady who is in charge of the department. Instead of following the usual procedure of beginning with the departmental administration item, I suggest that we allow that item to stand and take one item in each of the three branches of the department. We could have our general debate, I would suggest, first on immigration, then on citizenship and then on Indian affairs. I think the hon. lady would agree with me that in the past there has been a tendency to dash all about over the field and it has been extremely hard to follow the debate. I am quite sure that this procedure will not take any more time of the committee. As far as my hon. friends on this side are concerned I think we would say that if that procedure were adopted we would not precipitate any further general debate on the departmental administration item although we might raise questions.

Mrs. Fairclough: Mr. Chairman, I am in agreement up to a point. I think it might be better if we took the whole of each division at one time rather than just the first item.

Mr. Pickersgill: That procedure would be perfectly agreeable.

Mrs. Fairclough: We could take them in the order of immigration, then citizenship, then Indian affairs and then the departmental administration vote. Is that what the hon. member had in mind?

Mr. Pickersgill: Yes. I am sure that procedure will be quite agreeable to us.

Mrs. Fairclough: If that procedure meets with approval, Mr. Chairman, it is quite agreeable to me.

The Chairman: Is it the pleasure of the committee to agree to the suggestion made by the hon. member for Bonavista-Twillingate and the Minister of Citizenship and Immigration?

Some hon. Members: Agreed.

Mrs. Fairclough: With regard to that arrangement, then—

The Chairman: Order. I regret to interrupt the hon. lady but may I say that we are now considering item No. 52.

Immigration branch—

52. Administration of the Immigration Act, $1,199,386.

Mrs. Fairclough: Mr. Chairman, in introducing to the committee the immigration estimates for the fiscal year 1959-60, I should like to say a brief word regarding immigration activities in the calendar year just passed. In 1958, 124,841 immigrants were admitted to Canada and, with the permission of the committee, I should like to table a statistical report on immigration for 1958.

The Chairman: Does the hon. lady wish to have the report printed in *Hansard*?

Mrs. Fairclough: Yes.

The Chairman: Is it the pleasure of the committee that the report be tabled and printed in *Hansard*?

Some hon. Members: Agreed.

Mrs. Fairclough: The report is as follows:

Immigration to Canada by Ethnic Origin

Ethnic Origin	4th Quarter 1958	Calendar Year 1957	Calendar Year 1958
Albanian	4	22	13
Arabian	13	87	69
Armenian	34	272	189
Austrian	160	2,293	905
Belgian	114	2,786	1,000
British	4,002	112,828	26,622
English	2,436	72,476	17,065
Irish	555	14,336	3,291
Scottish	921	23,514	5,626
Welsh	90	2,502	640
Bulgarian	2	59	15
Chinese	825	1,669	2,615
Czech and Slovak	22	307	139
Danish	246	7,790	1,799
East Indian	125	317	451
Egyptian	3	52	19
Estonian	27	221	122
Finnish	188	2,829	1,258
French	327	5,471	2,539
German	2,247	29,564	14,449
Greek	1,365	5,631	5,418
Hungarian	280	29,825	2,723
Icelandic	4	56	43
Iranian	3	24	13
Italian	7,283	29,443	28,564
Japanese	40	178	188
Jewish	528	5,472	2,290
Latvian	22	415	186
Lebanese	37	348	244
Lithuanian	25	168	140
Luxemburger	—	124	26
Maltese	93	654	473
Mexican	11	15	29
Negro	357	634	781
Netherlander	757	12,310	7,595
Norwegian	77	1,337	471

Immigration to Canada by Ethnic Origin—Conc.

Ethnic Origin	4th Quarter 1958	Calendar Year 1957	1958
Polish	1,153	2,909	2,996
Portuguese	607	4,748	2,177
Roumanian	27	206	130
Russian	48	375	196
Spanish	120	1,182	639
Swedish	48	763	282
Swiss	87	1,294	793
Syrian	5	76	21
Turkish	18	91	99
Ukrainian	51	494	351
Yugoslavian	516	5,725	4,868
Others	16	92	65
From the United States	2,803	11,008	10,846
Total	24,720	282,164	124,851

Immigration to Canada by (Intended) Occupational Groups

Occupational Group	4th Quarter 1958	Calendar Year 1957	1958
Managerial	212	1,216	944
Professional	1,403	16,040	7,553
Clerical	978	16,829	6,745
Transportation	125	4,127	902
Communication	51	1,127	327
Commercial	325	6,132	2,066
Financial	42	427	163
Service	2,612	17,574	11,501
Agricultural	639	10,838	5,071
Fishing, Trapping and Logging	29	827	169
Mining	42	1,866	344
Manufacturing, Mechanical and Construction	2,134	54,376	17,476
Labourers	1,937	19,471	9,388
Others	94	661	429
Total	10,623	151,511	63,078
Not Destined to the Labour Force			
Wives	5,450	52,533	24,795
Children	6,820	70,673	30,444
Others	1,827	7,447	6,534
Total	14,097	130,653	61,773
Grand Total	24,720	282,164	124,851

Immigration to Canada by Province of Destination

Province	4th Quarter 1958	Calendar Year 1957	1958
Newfoundland	103	495	373
Prince Edward Island	12	134	78
Nova Scotia	259	2,789	1,786
New Brunswick	126	1,674	1,031
Quebec	5,832	55,073	28,443
Ontario	13,294	147,097	63,853
Manitoba	674	11,614	4,732
Saskatchewan	423	4,427	2,595
Alberta	1,401	21,131	8,429
British Columbia	2,559	37,528	13,400
Yukon and Northwest Territories	37	202	131
Total	24,720	282,164	124,851

Age Group and Sex of Immigrants Arrived in Canada

(4th Quarter 1958)

Age Group	Total	Males	Females
0- 4	2,494	1,290	1,204
5- 9	2,209	1,163	1,046
10-14	1,623	862	761
15-19	2,351	991	1,360
20-24	4,294	1,484	2,810
25-29	3,420	1,385	2,035
30-34	2,340	955	1,385
35-39	1,547	678	869
40-44	896	399	497
45-49	942	387	555
50-54	763	297	466
55-59	649	233	416
60-64	471	137	334
65-69	360	139	221
70 and over	361	116	245
Total	24,720	10,516	14,204

(Calendar Year 1958)

Age Group	Total	Males	Females
0- 4	11,019	5,651	5,368
5- 9	9,925	5,123	4,802
10-14	7,239	3,825	3,414
15-19	10,676	5,192	5,484
20-24	24,933	11,307	13,626
25-29	20,273	10,363	9,910
30-34	13,053	6,538	6,515
35-39	8,458	4,302	4,156
40-44	4,755	2,449	2,306
45-49	4,257	2,095	2,162
50-54	3,270	1,369	1,901
55-59	2,523	938	1,585
60-64	1,837	547	1,290
65-69	1,377	496	881
70 and over	1,256	435	821
Total	124,851	60,630	64,221

Immigration to Canada by Country of Last Permanent Residence

Country of Last Permanent Residence	4th Quarter 1958	Calendar year 1957	1958
Algeria	18	483	132
Australia	273	2,772	1,898
Austria	364	5,714	4,544
Belgium	170	3,909	1,776
British West Indies	422	1,162	1,192
Central America	4	24	24
Ceylon	1	12	39
China	243	856	894
Czechoslovakia	6	20	42
Denmark	248	7,683	1,746
Egypt	33	421	116
Estonia	—	4	4
Finland	172	2,684	1,177
France	441	5,869	2,727
Germany	2,136	28,430	13,888
Greece	1,300	5,460	5,190
Hong Kong	583	866	1,752
Hungary	204	31,643	2,362
India	85	186	325
Ireland	198	5,358	1,226
Israel	122	482	531
Italy	7,101	27,740	27,043
Japan	41	223	199
Latvia	—	11	—
Lebanon	62	401	312
Lithuania	—	6	1
Luxemburg	4	205	56
Malta	85	586	447

Immigration to Canada by Country of Last Permanent Residence—Conc.

Country of Last Permanent Residence	4th Quarter 1958	Calendar year 1957	Calendar year 1958
Mexico	39	124	104
Morocco	26	920	414
Netherlands, The	735	11,934	7,420
New Zealand	65	573	446
Norway	76	1,340	482
Pakistan	15	83	62
Poland	1,172	690	2,292
Portugal	566	4,423	1,938
South America	422	2,376	2,168
Spain	65	613	318
Sweden	79	1,093	442
Switzerland	128	1,800	1,024
Syria	—	18	11
Tunisia	11	109	123
Turkey	42	129	227
Union of South Africa	54	464	367
U.S.S.R.	6	19	18
United Kingdom	3,673	108,989	24,777
United States	2,803	11,008	10,846
Yugoslavia	274	1,048	984
Other African	22	573	203
Other Asian	17	117	98
Other European	23	140	128
Others	91	371	316
TOTAL	24,720	282,164	124,851

Immigration to Canada by Country of Citizenship

Country of Citizenship	4th Quarter 1958	Calendar year 1957	Calendar year 1958
Australia	243	2,738	1,798
Austria	192	2,498	1,033
Belgium	124	2,917	1,087
Central America	1	18	12
Ceylon	1	15	33
China	791	1,560	2,473
Czechoslovakia	8	14	25
Denmark	242	7,780	1,784
Egypt	9	156	47
Estonia	3	23	22
Finland	188	2,811	1,261
France	397	6,204	2,845
Germany	2,195	28,513	14,107
Greece	1,324	5,498	5,273
Hungary	202	31,801	2,315
India	90	177	334
Ireland	216	6,398	1,439
Israel	135	537	577
Italy	7,254	28,935	28,242
Japan	35	180	183
Latvia	8	101	36
Lebanon	61	416	317
Lithuania	3	27	39
Luxemburg	3	159	36
Mexico	35	88	94
Morocco	13	320	209
Netherlands, The	755	12,132	7,488
New Zealand	62	596	453
Norway	76	1,321	461
Pakistan	14	83	62
Poland	1,182	810	2,367
Portugal	568	4,486	1,963
South America	97	506	513
Southern Rhodesia	3	40	25
Spain	80	845	447

Immigration to Canada by Country of Citizenship—Conc.

Country of Citizenship	4th Quarter 1958	Calendar year 1957	Calendar year 1958
Sweden	54	788	292
Switzerland	110	1,515	896
Syria	3	18	14
Tunisia	3	55	63
Turkey	41	120	214
Union of South Africa	65	513	411
U.S.S.R.	9	48	27
United Kingdom and Colonies	4,432	109,252	26,885
United States	2,517	10,087	9,695
Yugoslavia	254	1,050	935
Other African	—	63	8
Other Asian	12	62	37
Other European	20	119	113
Others	590	7,771	5,861
TOTAL	24,720	282,164	124,851

The intake in 1958 was substantially below that of 1957 but not too far off the average annual intake for the post-war period. The relatively lighter flow in 1958 enabled the immigration branch to concentrate on the establishment in continuing employment of those who did not completely settle in during 1957 and, in addition, to place those unsponsored immigrant workers who came forward in the 1958 stream. Incidentally, those who came forward in 1958 have been placed without any significant difficulty. During 1958, by means of a positive and energetic placement program, employment was located for new Canadians as follows:

In business and industry	39,006
In agriculture	5,794

As in the past, very good co-operation in placement matters was received from the national employment service.

At the same time, in 1958 it was possible to give particular attention to those cases where recent arrivals had acquired the necessary funds and experience to become established in their own enterprise. Settlement in agriculture and small businesses was arranged as follows during the year:

		Purchase price	Down payment
(a) In Agriculture			
Number of properties purchased	786	$10,063,800	$3,266,500
Number of properties rented	83		
Number of immigrants settled	4,132		
(b) In Small Businesses			
Number purchased	1,303	8,683,000	5,146,800
Number of persons, including operators, employed	6,166		

The above figures tell only part of the story of successful immigrant establishment in Canada, as these are only the cases which

came to the attention of and have been tabulated by the department. While precise figures are not available, it is a well-known fact that many immigrants do not seek the assistance of the department but become established very successfully on their own initiative.

Now a word about non-immigrants. Last August, in order to establish effective control over the temporary admission of persons who might seek employment in competition with Canadian residents or who sought temporary entry with a view to subsequently applying for permanent residence while actually in Canada, I announced a policy regarding the stricter application of regulations governing non-immigrant entry. In order to be fair about this, the new policy was not made retroactive and I further stated that those non-immigrants then in Canada who wished to remain here could make application for permanent admission before March 1, 1959, and if their case had merit it would be given sympathetic consideration. As expected, the department has received many applications for landing from persons who were in Canada at the time I made my announcement. Up to January 31, 1959, 3,805 applications, for permanent admission had been received from such persons. Of the 3,805 applications, a total of 2,012 have been finally dealt with and of these, 1,808, or roughly 90 per cent, have been given favourable consideration and the persons landed, while the applications of 204 have been withdrawn or refused. One thousand seven hundred and ninety-three cases were still in process as of January 31, 1959, and of these, 1,703 have been given approval in principle and landing action will follow provided the applicants can meet the normal medical standards, etc., while the merits of the remaining 90 were yet to be assessed.

I think it can be said that the new procedures seem to be accomplishing their purpose very well indeed.

Mr. Pickersgill: Would the hon. lady permit a question?

Mrs. Fairclough: Surely.

Mr. Pickersgill: Were those 2,000 cases, or as many of them as have been dealt with up to December 31, included in the total of immigrants for the year, or is that 2,000 more?

Mrs. Fairclough: The figure I gave you was up to January 31; but those who were landed prior to December 31 were included in the figures of immigrants for last year.

Mr. Pickersgill: In other words, there were 122,800 new immigrants instead of 124,800: that is the point.

[Mrs. Fairclough.]

Mrs. Fairclough: I have not got the figures here up to December 31. They are round figures. The 2,012 figure is up to January 31, and I think there were 1,700 up to the end of December. But that is the general idea.

At present, as was the case in 1958, stress is laid on encouraging the admission of suitable and desirable persons with capital or other means of self-establishment who have a sincere desire to come to Canada for the purpose of setting themselves up in business or to purchase farms. The availability of employment in various occupations and of small business or other opportunities, or the lack thereof, is forwarded regularly and frequently to immigration visa officers abroad to assist them in counselling prospective immigrants. The Department of Labour and the national employment service have been most co-operative in assisting this department in developing accurate information on employment conditions. Emphasis is placed on the sound counselling of prospective immigrants abroad in order that those who do come forward will be fully aware of what lies in store for them here.

It is confidently believed that economic conditions now warrant a more optimistic approach to immigration planning for 1959. As in 1958, unsponsored immigrants will be carefully selected according to their general suitability. They will be fully counselled as to employment and other conditions in Canada. Regardless of over-all economic conditions, there are always occupations and areas in Canada where immigrants can be placed, taking advantage of opportunities which the less mobile Canadian workers cannot or will not accept. As mentioned previously, immigration officers experienced little difficulty in finding employment for the unsponsored immigrants who came forward in 1958, and it is confidently anticipated that the same conditions will apply for 1959.

Mr. Pickersgill: Mr. Chairman, I think the hon. lady has been very helpful in giving a very simple and factual statement on which we can base our observations about the immigration branch and its activities for the past year, and try to form some impression of what is likely to be the prospect for the year 1959. I must say that the hon. lady will perhaps be relieved to hear that I do not think she will find much quarrel on this side of the house with the position which is being taken by the government about open placement immigration. We might quarrel about things which are outside the hon. lady's control; that is to say, about the way in which this government has allowed the economy to deteriorate so that it is not safe for the hon. lady to encourage as many open placement

immigrants as we were able quite safely to encourage when we were in office, but that is another matter which I do not think it would be quite fair to discuss on the hon. lady's estimates.

Mrs. Fairclough: You can talk about your 109,000 in 1955-56 too.

Mr. Pickersgill: Yes, we can talk about the 109,000 in 1955 or 1956.

Mrs. Fairclough: 1955.

Mr. Pickersgill: The figures for 1956, as the hon. lady will perhaps remember, were I think the second highest since the war. No; there was one year earlier. But in any event, I am not particularly anxious to go into this past history, although I have no objection to doing so if the hon. lady wants a debate on that subject. I am much more concerned with talking about the situation which now exists and the prospective situation for 1959, because we obviously are not going to be able to do much about what has already happened. I do hope that the optimistic forecast which the hon. lady gave for 1959 will turn out to be right, because if I understood her correctly what she was saying was that conditions in Canada were going to be so bright before this year was over that she would be able to receive, without any difficulty so far as placement and settlement is concerned, a much larger number of immigrants than were received last year.

I must say that I doubt very much if this will be true, regardless of what improvement there may be in the economy, which we all hope for. Because one thing the hon. lady will I think learn when she has been a little longer in the department than she has been up to now is that there is a very serious time lag in immigration. When conditions become unfavourable for immigration and there is a discouragement of immigration, it takes quite a long time to get the steam up again. In 1955, after we had had a barrage all through the early months of that year from the hon. lady and other people who were on this side of the house about how the country was going to the dogs, because of unemployment, we found that had a very discouraging effect indeed upon immigration in that year. I am afraid that the figures of unemployment in this country, and certain recent incidents, will have that effect again.

One of the things that is going to be most discouraging to immigration prospects, particularly from the United Kingdom this year, is what happened last Friday, just one week ago. I, like most other hon. members, listened to or watched television, and I saw the workers coming out of the A. V. Roe plant, many of them for the last time. As I listened to those voices, if my ear is any good, three out of four of them were English and obviously of relatively recent—I would say post-war—immigration. I am very much afraid that the blow to confidence that has been given there will result in a good many of these people going back home again. What is very likely to happen is that the Canadian born among these highly trained people, who are freely admitted to the United States, will go to the United States in numbers we will have cause to regret for many years. Those who are not Canadian born and therefore admissible to the United States only under quota will in many cases, particularly in the case of the British, tend to go home discouraged.

I cannot congratulate the hon. lady on one thing that happened in 1958 which had never happened before in the history of our post-war immigration. The hon. lady, presiding over this department in her first year, managed to get the British immigration into second place. Always in the past it had been in first place, and for a government which was going to do for the commonwealth that which we were said to have neglected to do, this is not a very proud record.

I have one other general criticism of the hon. lady's administration of the department. I do think that under her administration, so far as I have been able to observe it, the department has been unnecessarily restrictive in its attitude towards sponsored immigration. I repeat again that I have no criticism whatsoever to make of the open placement policy. I believe it would be very foolish to encourage people who have no ties with anybody in Canada to come here in the expectation of getting jobs only to find jobs very difficult to get.

I am not an immigration broker as the hon. lady well knows, but because I occupied for three years the position she now occupies I do have a certain number of these cases brought to my notice from time to time, and it does seem to me that there are a good many cases involving sponsored immigrants, or persons who are sought as sponsored immigrants, who have opportunities of employment or who, in some cases are not seeking employment, when permission to enter is denied in circumstances where entry would have no possible effect upon the labour market. It is true that they might in occasional cases come here to take a job with a relative which, had they not come, might conceivably have been offered to someone on the rolls of the national employment service, but in many more cases I would suspect that no one else would be employed at all.

I do think there is room for a little more flexibility and generosity, judging from a random sampling—and I confess it is no more—than appears to have been the practice during the past year, and particularly since parliament adjourned and since the new procedure which the hon. lady announced last August was adopted. I know what difficulties there are.

I do not think there is anyone in the house who knows better than I do what the difficulties with regard to these people are—people who come here claiming to be visitors but who really do not intend to be visitors at all but are just using the procedure as a back door method of getting into the country. I know what an embarrassment it can be, and I have recollections of being embarrassed in the house on some occasions about some of these cases. On the other hand it does seem to me that one of the things which a minister in charge of this department has to accept is a certain amount of embarrassment for doing what is intrinsically the right thing, even if it be sometimes misunderstood. However, I know of cases where there has, I think, been an unnecessary strictness with regard to visitors and an unnecessary amount of suspicion.

I do not intend to parade a lot of particular cases. As far as particular cases are concerned, I have always taken the view that the time of the committee should not be taken up with them unless a case is illustrative of some general principle, and when we come to deal with the citizenship branch it will not surprise the hon. lady if I tell her that I have a few cases of principle about which I intend to make some observations. But speaking generally, I will discuss with the department or with the hon. lady herself any individual cases I have in mind, and there are not many in which I am interested.

However, I want to make this general observation: I do think there is room, particularly if the hon. lady is really confident about the optimistic forecast she made, for a little more generosity and a little more relaxation, and perhaps a few more exceptions to the rigid application of the rules than has been applied to some of these cases in the last few months. I know how easy it is to become afraid of the economic situation, and with the mounting unemployment we have seen in the last few months I would not blame the hon. lady too much if she was frightened. But I do not think she frightens too easily, and I hope she will have the courage of the conviction she expressed this afternoon.

Mr. Stinson: Don't worry about that.

[Mr. Pickersgill.]

Mr. Pickersgill: I shall let the hon. lady do her own worrying. The hon. lady was not much given to criticizing the department over which she now presides when she was on this side of the house, but she has colleagues who were, and on this subject of sponsored immigration she will, of course, remember that there was a great deal of criticism of the administration of the department in former days, particularly in the last year during which I was minister. Possibly I should not make any reflection of even a general character, but I was about to say that perhaps that criticism was intended not so much to apply to the administration itself but was made with an eye on the effect it would have in headlines in the press. Anyway there was a good deal of criticism about the alleged heartless disregard shown by the department of the rights of Canadian citizens. I am not, of course, going to make any similar criticism, because I do not intend to change the position I took when I occupied the place now occupied by the hon. lady, and I must say that for this part of my observations I could wish that the Minister of Justice was here in her place, because he was one of the critics, and even when he was presiding only temporarily over the department he did say he had plans in progress to change the procedure.

I have always taken the view that no person except a Canadian citizen and, to a limited extent, a landed immigrant who is temporarily out of the country has a right to enter Canada. The citizens of Canada, through parliament, have the right to decide who should be admitted and who should not be admitted and no rights of entry vest in individuals until those rights are acquired in Canada. However, this view was not taken by the present Minister of Justice or, so far as his somewhat obscure utterances seem to be capable of clear interpretation, by the Prime Minister. The Minister of Justice was clear about it, as he usually is, and he took the view that sponsors had some rights, that Canadian citizens have the rights to apply for relatives and that they have the right to have those applications considered in a judicial or quasi judicial manner. And the Minister of Justice when he was acting minister of this department did say something about this subject about a year ago on the estimates. I should like to remind the minister of what he said, because I should like to know whether she is pursuing this activity which the Minister of Justice said was being undertaken by the

present government to remove the iniquities of which we were supposed to be guilty when we were in office.

I asked the Minister of Justice on January 30, 1958 what was being done to deal with these cases where sponsors were being refused, and whether the reasons for refusal were going to be given—a procedure to which the Minister of Justice attached great importance. I do not wish to take up too much time with this. As reported at page 4058 of *Hansard* of January 30, I asked the following question:

> Might I ask a question with respect to a term used by the minister. We all use the term "applicant" loosely; does the minister mean the sponsor or does he mean the immigrant?

The acting minister replied:

> So far as getting authority for the revealing of information is concerned, it would have to be obtained from the proposed immigrant. The result of the studies we have been giving to this matter so far would indicate that if the information is released directly to the proposed immigrant, if he wishes to send it on to his proposed sponsor or to other interested parties, then that is up to him.

The word "reason" is used in that context with reference to the reason why someone was turned down. An unidentified hon. member then stated:

> But they cannot get it.

The acting minister then went on to state:

> The present policy and the past policy with regard to security cases is that information is not given, nothing is said. With regard to certain health cases, nothing is said. These are the problems with respect to which we have been giving a lot of study and which are under review at the present time.

I did not ask the hon. lady about this last August because I realized she had taken up this portfolio about the day the session began and I thought it would be unfair to expect her to have had time to familiarize herself with this admittedly intricate and difficult problem. That is why I did not bring it up then and I am bringing it up now when she has had many months in office during which to give attention to these matters. The acting minister of citizenship and immigration then went on to say:

> Some of the work in my department has been subdivided so that certain committees can review the question of information in security cases, and with respect to immigration and citizenship, and information on rejections for health grounds.

I particularly draw the hon. lady's attention to the following words:

> The system which I would like to see instituted and indeed the kind of system we have in mind, is a system where an applicant for admission to Canada or an applicant for the grant of a certificate of Canadian citizenship—perhaps I had better confine my remarks to immigration cases only for the moment—might be informed of the reasons for his rejection and might then have an opportunity to have his case reviewed by a board which would be guided by definite principles in considering that application so that the applicant or his sponsor in Canada—if he is sponsored—may if he wishes present his case to a review panel, and so that he will know and have a hearing.

I may say that I do not personally advocate what the hon. gentleman was then advocating. I do not advocate it because I do not believe it is practical or practicable. When the hon. gentleman and the hon. lady were on this side of the chamber they made a terrific indictment of the former administration because it failed to do these things. The present Minister of Justice a year ago told us that the department was giving active study to this matter and was trying to work out procedures for dealing with these cases. I would be exceedingly interested if, when the hon. lady replies, she would tell us whether these ideas have now been given up, whether the government has come to the conclusion that after all we were right—as I think we were—or whether it intends to take these matters out of the immigration branch and hand them over to quasi judicial boards of some description or other to give reasons where applications from sponsors are refused or what the procedure is to be.

This is an extremely important matter indeed. It was the contention of the Minister of Justice, not merely when he sat in this side of the chamber but even a year ago, when he was sitting over there, that these sponsors have certain rights. In view of the legislative menu for this session, with the bill of rights as the main course, it seems to me this is one thing we should clear up finally one way or the other on these estimates. We should know if the government takes the position taken by the Minister of Justice.

My own view is that the proper attitude is the one taken by almost every other country in the world under which parliament—if there is a parliament in the country—has control of the entry and that no right should inhere in persons who are not citizens of that country. Even in the declaration of human rights of the United Nations the right of migration from one country to another has never been included and so far as I know it has never been suggested for inclusion.

I do not wish to appear to take a heartless view. I am a strong believer in sponsored immigration. I believe it is by far the best kind of immigration. The reason for that is that the sponsored immigrant comes to someone he knows or who is related to him with, so to speak, a certain connection with the country before he arrives and there is perhaps at least a 50 per cent greater chance on

the average that he will orient himself to his new surroundings more easily and satisfactorily. Of course, you can have open applicant immigrants who turn out to be quite remarkable people and sponsored ones who turn out to be egregious failures. We all appreciate that. However, I do not think I would find any quarrel in the committee with the view that, on the average, sponsored immigration is on balance much more likely to be successful and capable of being carried on with less dislocation to the country and to the individuals than open placement migration. I believe I have already said that I thought the hon. lady was a little too tough in her treatment of sponsored cases. That is the impression I have. That is one thing. It is another thing to say we are going to establish a system of rights in this field with judicial or quasi judicial boards to determine what those rights are. I think the government and the minister should now be in a position to tell us what the government's intentions really are in this matter.

I do not intend to take the whole time of the committee until five o'clock but there are one or two other questions I should like to put now though I will not elaborate on them. I will merely state my questions so that the hon. lady may have an opportunity to have them looked up for the next time we come before the committee.

The minister will recall that shortly before I left the department we undertook some special procedures for the admission of limited categories of persons from Poland once it became apparent that, because of the political evolution there, it was possible for some people to get out. I should be very interested as I am sure all hon. members of the committee would be, to have a report on how that has worked, how it is working now and approximately how many people have been involved.

Now that the West Indies Federation has been formed—and the hon. lady of course has visited it—I have been wondering what views the government has about the question of immigration from the West Indies and in order that the hon. lady will not have to ask me what my views are I shall state them right now. If I had remained in office I had intended to suggest to my colleagues that once the federation was formed we should seek to negotiate a quota system similar to what we have with India, Pakistan and Ceylon. I am not wedded to that particular view and perhaps the government has better ideas but I believe there is a problem here that simply cannot be glossed over, a problem that I confess was a good deal of worry to me.

I should also like to know what the situation is in Hong Kong and whether we are finally disposing of that problem which should be disposed of largely by the passage of time.

I would be particularly interested if the hon. lady could bring us up to date on the Hungarian settlement situation. She gave us figures last year which were very encouraging at least to me when she told us that only about 500 of the 35,000 had gone home, and I think we were well rid of those 500. At that time which, of course was last August, there were about 500 others actually receiving help from the department which indicated that the vast majority of them had at least got themselves settled to some degree. I think this is quite remarkable, considering that these people came here with nothing whatever, unlike practically any other group of immigrants we have ever had. In that context—and here again I am not seeking to be in the slightest degree controversial—I should like to say to the hon. lady that I understand the government has before it an application from the University of British Columbia for some further limited assistance in order to complete the education of the Hungarian students in the forestry faculty there. I understand that an application is before the government for this purpose and I want to assure the hon. lady that she will find no dissent in our party if she accedes to that request.

I should like in one word to give my reasons for taking this view. Bringing this whole faculty from behind the iron curtain to Canada, was one of the things that caught the imagination of the free world at the time it was done. Whatever the situation inside Canada may be, the international effect of having that experiment fail and having it said behind the iron curtain that we were not able to handle this problem would, I think, be very damaging not merely to the reputation of Canada but to the reputation of the free world. It is unfortunate that 1957 and 1958 were both poor years in the forest industry of British Columbia or this problem would not have arisen. For that reason I think there would be very strong grounds which would commend themselves to most sensible men and women for acceding to the very modest request, as I understand it, of the University of British Columbia. I do not wish to continue now but I may wish to make some other brief observations or ask questions later on.

Mr. Winch: You may carry on for another five minutes.

Mr. Pickersgill: I do not think I have five minutes more.

Mr. Winch: We will give it to you.

Mr. Pickersgill: I hoped the hon. member for Vancouver East was going to follow me.

Mr. Winch: I would love to, but not for five minutes.

Mr. Pickersgill: If he does not wish to follow for five minutes, there are one or two other things I would like to ask about.

The Chairman: Order. I regret to interrupt the hon. member but his time has expired.

Mrs. Fairclough: Mr. Chairman, we do have just about five minutes and possibly it would serve the purpose if I replied to two or three things which the hon. member for Bonavista-Twillingate has brought up and that would get the answers on the record at this time and use up the available time without interfering with the well laid plans of the hon. member for Vancouver East.

I think the hon. member for Bonavista-Twillingate must admit that to some extent he was talking out of both sides of his mouth when he said that British immigration was down and yet he wants the sponsored immigration to be opened up because he knows that the sponsored immigration generally speaking does not come from the British isles. Whether or not that could be developed I could not say but most of the people who come from the British isles are not sponsored immigrants. Therefore, if you wish the sponsored immigrants to be increased in volume necessarily you are going to have a greater number than you would have—

Mr. Pickersgill: I do not think the hon. lady wants to be unfair to me any more than I want to be unfair to her. I had assumed that no one objected to the policy which I believe was always approved on both sides of the house that we should have, except for health reasons, absolutely free immigration from the United Kingdom. I must say I do deplore the fact that in my opinion, British immigration has not been encouraged by the present government as much as it should have been. In making my comparison, I was comparing open placement immigrants, which I never thought of as including immigration from the United Kingdom, United States, France or Ireland, from the countries from which we get sponsored immigrants.

Mrs. Fairclough: I should like to say that the hon. member also made reference to the fact that for the first time, British immigration had dropped to second place. But he also made some remarks with reference to commonwealth immigrants and, of course, if you put the commonwealth in—

Mr. Pickersgill: No, I am sure the hon. lady must have misunderstood me. I never said commonwealth immigrants at all.

Mrs. Fairclough: The hon. member used the term in connection with the criticisms which had been levelled at the previous government by members on that side. Now, granted I am being—

Mr. Pickersgill: I did not say commonwealth immigrants; I said attachment to the commonwealth.

Mrs. Fairclough: In any event, when you take the number from the commonwealth you do get an increased number. In so far as the West Indies are concerned, we did have a larger number last year, as a matter of fact, 1,192. When the hon. member gets the table which I gave to *Hansard* earlier in my remarks he will find those figures.

I have just about time to make one more observation with reference to the Hungarian settlement in which the hon. member is so keenly interested. With regard to the numbers who have returned to Hungary, that position is unchanged.

Mr. Pickersgill: About 500.

Mrs. Fairclough: Yes, approximately; but there are about 300 who are receiving assistance from the department at the present time and we hope that as spring approaches even they will be placed.

The next time the estimates are up for consideration I will have answers to the other questions which the hon. gentleman has put. I could start on some of them now, but like the hon. member for Vancouver East, I think it will be just as well if I gave the complete explanation rather than be interrupted in the middle of it.

The Chairman: Order. It being five o'clock it is my duty, pursuant to standing order 53 to rise, report progress and request leave to sit again later this day or at the next sitting of the house, as the case may be.

Progress reported.

Mr. Speaker: It being five o'clock, the house will now proceed to the consideratior of private and public bills, the former having precedence.

PRIVATE BILLS

NORTH AMERICAN ACCIDENT INSURANCE COMPANY

Mr. Alan Macnaughton (Mount Royal) moved the second reading of Bill No. S-9, respecting the North American Accident Insurance Company.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

Mr. Speaker: There are a number of divorce bills standing on the order paper for second reading. Is it the wish of the house that they be taken in one motion?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Bill SD-79, An Act for the relief of Euphemia Caldwell Miller Armitt Esber, otherwise known as Effie Monas Esber.—Mr. McCleave.

Bill SD-80, An Act for the relief of Goldie Yelin Freedman.—Mr. McCleave.

Bill SD-81, An Act for the relief of Claire Segal Pottel.—Mr. McCleave.

Bill SD-82, An Act for the relief of Klara Schillinger Aschner.—Mr. McCleave.

Bill SD-83, An Act for the relief of Bernice Helena Peritz Loeb.—Mr. McCleave.

Bill SD-84, An Act for the relief of Margaret Soll Rajeczky.—Mr. McCleave.

Bill SD-85, An Act for the relief of Audrey Edna Watson Robert.—Mr. McCleave.

Bill SD-86, An Act for the relief of Abbie Alice Mahon Reed.—Mr. McCleave.

Bill SD-87, An Act for the relief of Alice Christine Leduc Patrick.—Mr. McCleave.

Bill SD-88, An Act for the relief of Georgina Joan Saunders Smith.—Mr. McCleave.

Bill SD-89, An Act for the relief of Bryan Mills Taylor.—Mr. McCleave.

Bill SD-90, An Act for the relief of Dorothy Sarah Sheehan Burchmore.—Mr. McCleave.

Bill SD-91, An Act for the relief of William Irvine Moore.—Mr. McCleave.

Bill SD-92, An Act for the relief of Audrey Lynn MacGillivray.—Mr. McCleave.

Bill SD-93, An Act for the relief of Sarah Goldfarb Nash.—Mr. McCleave.

Bill SD-94, An Act for the relief of Witolda Poplawska Wojciechoswski.—Mr. McCleave.

Bill SD-95, An Act for the relief of Martha Waugh McClure.—Mr. McCleave.

Bill SD-96, An Act for the relief of Leslie Ronald Cant.—Mr. McCleave.

Bill SD-97, An Act for the relief of Cecile Desjardins Morin.—Mr. McCleave.

INDUSTRIAL RELATIONS

PROVISION OF MINIMUM RATE OF WAGES FOR EMPLOYEES

Mr. Arnold Peters (Timiskaming) moved the second reading of Bill No. C-8, to provide for minimum wages for employees.

[Mr. Macnaughton.]

He said: In introducing this bill, I think it would be wise to refer to the explanatory notes which are very simple and which read as follows:

> The purpose of this bill is to establish a minimum rate of wages with respect to all employees in Canada who come under federal labour jurisdiction. This bill provides that such minimum rate of wages shall be $1.25 per hour. The bill also provides that its terms do not affect any employee whose rate of wages is higher than the minimum established by this legislation. However, any rate of wages less favourable to employees than $1.25 per hour is superseded by this bill.

It has been generally recognized by this government and the former government that there is a need in Canada for the establishment of a federal labour code. This bill, if passed, would provide one part of a federal labour code. In addition to this bill, we have now under the Department of Labour the Industrial Relations and Disputes Investigation Act, and if a federal labour code were introduced we would add such measures as an annual vacations with pay act; statutory holidays with pay act; maximum hours of work act and other acts of a similar nature affecting labour under the jurisdiction of the federal government. This bill is not new, as it was introduced into this house in 1957.

The first time a minimum wage bill was discussed in this house was in 1935 under the Right Hon. R. B. Bennett. At that time, Mr. Bennett, a former Conservative leader, introduced legislation to implement part of the recommendations of the 1928 Geneva conference because Canada was a signatory to the convention that followed. In 1928, the League of Nations set up an international labour office in Geneva, and during the eleventh session of the international labour conference certain recommendations were made which would be binding on those nations that signed the convention. One recommendation was that this convenion be implemented by the countries that signed it.

If we refer to the report of the proceedings of this international labour conference we find that at page 624 they discussed a minimum wage act. These are the directions given to the Right Hon. R. B. Bennett by the international labour organization when he tried to pass his minimum wage act. Section II reads:

> For the purpose of determining the minimum rates of wages to be fixed the wage fixing body should in any case take account of the necessity of enabling the workers concerned to maintain a suitable standard of living. For this purpose regard should primarily be had to the rates of wages being paid for similar work in trades where the workers are adequately organized and have concluded effective collective agreements or, if no such standard of reference is available in the

circumstances, to the general level of wages prevailing in the country or in the particular locality.

For effectively protecting the wages of the workers concerned and safeguarding the employers affected against the possibility of unfair competition, the measures to be taken to ensure that wages are not paid at less than the minimum rates which have been fixed are to include:

(1) arrangements for informing the employers and workers of the rates in force;

(2) official supervision of the rates actually being paid; and

(3) sanctions for remedying and preventing infringements of the rates in force.

The Conservative government of that day believed that this was fair and just and, having signed the convention, proceeded to introduce a measure to implement it in Canada. The resultant act is to be found in the statutes of Canada, chapter 44, 1935. When introducing this matter the Right Hon. R. B. Bennett was concerned about the effect it would possibly have and some of the objections that might be taken because of the British North America Act. For these reasons he outlined in the preamble many conditions that he hoped would make this measure acceptable to the Canadian people. However, governments being what they are, his government was defeated and a Liberal government followed under the Right Hon. Mackenzie King who referred the matter to the supreme court where it was held the act was ultra vires of the federal government.

The matter of a minimum wage law for Canadians was discussed in the house on a number of occasions in the intervening years until 1957, at which time Mr. Stanley Knowles, who had supported this idea for many years, introduced a bill similar to the one I am now introducing. I have had to change the rate in this bill to bring it into line with the standard of living, as was suggested by the Geneva conference. I think it is necessary, because of the geographical conditions prevailing in Canada and also because of the British North America Act which places some of the rights of labour under the jurisdiction of the provincial governments and some under the federal government, to take a look at what has happened in this field over the intervening years in the various provinces.

In every case, with the exception of Prince Edward Island, there are now on the statute books of the provinces various forms of minimum wage legislation. These pieces of legislation have been amended from time to time so that in many conditions they are not similar to one another, although in general they are. By 1958, the British Columbia act had been revised so that the minimum wage rate was set at 65 cents an hour instead of the previous weekly rate of $22 per week or 55 cents an hour. The Manitoba act was amended in 1957 to produce a rate of 60 cents an hour for males and increase the rate for women by two and three cents an hour. In Saskatchewan, the minimum was raised in 1957 from $26 to $30 per week in the towns, and from $24.50 to $29 in the larger cities. In Quebec the minimum rate was revised in 1957 to 60 cents an hour in zone 1, 55 cents in zone 2, and 50 cents in zone 3, an increase in each case of nine cents an hour. New Brunswick increased the rate from 38 to 45 cents an hour for women in hotels and restaurants and from 40 to 50 cents an hour in other types of employment. Nova Scotia also set new rates of $21.60 a week in zone 1, other rates applying in other zones.

As we can see by these rates, there is a great variance in the minimum rates across the country. With the permission of the house I should like to put on *Hansard* pages 12 and 13 of a Department of Labour publication containing charts of the minimum rates in effect in the various provinces.

Mr. Speaker: Has the hon. member leave to insert in *Hansard* at this point the two charts on minimum wages in Canada?

Some hon. Members: Agreed.

Mr. Peters: The charts are as follows:

VI—1 MINIMUM RATES FOR EXPERIENCED WORKERS UNDER MINIMUM WAGE ACTS*

The table shows the minimum rates for full-time experienced workers. In Nova Scotia and British Columbia, there are two Minimum Wage Acts, one applying to men and the other to women workers, but in Nova Scotia the Male Minimum Wage Act, 1945, has not been proclaimed. In the other provinces, the Act applies to both men and women. In Ontario, minimum rates have been fixed for women only. In New Brunswick, only one order is in effect for men—that covering the canning industry.

Establishment	Sex	Nfld.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
FACTORIES	F	cents per hour 35[a]	$ per week 21.60, Zone I 19.20, Zone II 14.40, Zone III[b,c]	cents per hour 50	cents per hour 60, Zone I 55, Zone II 50, Zone III[d]	$ per week 22, Zone I 20, Zone II 18, Zone III[e]	cents per hour 58 cities 54, rural[f]	$ per week 30, cities and 15 larger towns and a 5-mile radius; 29, rest of province[g]	$ per week 28, centres over 5,000 population; 24, rest of province	cents per hour 60
	M	50[a]	—	65[h]	As above	—	60[f]	As above	30, centres over 5,000 population[i]; 26, rest of province[i]	75
SHOPS	F	35[a]	As in factories	50	As in factories	As in factories	As in factories	As in factories	As in factories	65
	M	50[a]	—	—	As in factories	—	As in factories	As in factories	As in factories	65
OFFICES	F	35[a]	As in factories	50	As in factories	As in factories	As in factories	As in factories	As in factories	75
	M	50[a]	—	—	As in factories	—	As in factories	As in factories	As in factories	75
HOTELS RESTAURANTS	F	35[a]	As in factories[j]	45	55, Zone I 50, Zone II 45, Zone III[d]	As in factories	As in factories	As in factories	As in factories	65
	M	50[a]	—	—	As above	—	As in factories	As in factories	As in factories	65

(a) Workers over 17 years.

(b) Zone I—Halifax, Sydney, Glace Bay, Amherst, Dartmouth, New Glasgow, New Waterford, North Sydney, Sydney Mines, Truro; Zone II—Annapolis Royal, Antigonish, Berwick, Bridgetown, Bridgewater, Canso, Clark's Harbour, Dominion, Digby, Hantsport, Inverness, Kentville, Liverpool, Lockeport, Louisburg, Lunenburg, Mahone Bay, Middleton, Mulgrave, Oxford, Parrsboro, Pictou, Port Hawkesbury, Shelburne, Springhill, Stellarton, Stewiacke, Trenton, Westville, Windsor, Wolfville, Yarmouth; Zone III—remainder of province.

(c) Minimum rate of 45¢ per hour in fish-processing industry anywhere in province.

(d) Zone I—City and Island of Montreal; Zone II—Quebec and district and places over 6,000 population; Zone III—remainder of province.

(e) Zone I—Toronto, Hamilton, Windsor, Ottawa and environs and London; Zone II—places of 3,000 or over; Zone III—places under 3,000.

(f) Workers of 18 and over. Employees under 18, 48¢ per hour.

(g) Workers of 18 and over. Minimum $2 less ($28 and $27) for workers under 18. 15 towns: Assiniboia, Biggar, Canora, Humboldt, Kamsack, Kindersley, Lloydminster, Maple Creek, Meadow Lake, Melfort, Melville, Nipawin, Rosetown, Shaunavon, Tisdale.

(h) Applies to canning or processing of fish, vegetables or fruit.

(i) Those over 19 years. For males under 19, in centres over 5,000 population: under 17 years, $20; 17-18 years, $22; 18-19 years, $26. Elsewhere in province: under 17, $16; 17-18, $18; 18-19, $22.

(j) Rate applicable to city or town applies to hotels and restaurants within 20 miles June 1—September 30.

*As indicated in the table, weekly rates are set in some provinces, hourly rates in others.

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Because of the suggestions that have been made at various times I think it is only fair that we should ask for minimum rates set higher than the average rates in Canada. To take a look at some of the rates, I think we should start with some of the lower ones in such industries as the canned and preserved fruits and vegetables industry. This information is reported in a pamphlet put out by "The Honourable Gordon Churchill, Minister of Trade and Commerce" and is entitled "Man-Hours and Hourly Earnings with Average Weekly Wages, December, 1958". In the canned and preserved fruits and vegetables industry the average hourly earnings as of December 1, 1958 in cents, was 113.7; in the leather products industry, 114.8; boots and shoes, 109.3. In each case the number of people working in the industry was less than 20,000. In service industries, for hotels and restaurants, the average was 96.7 cents an hour, with 34,000 employees; for laundries and dry cleaning plants, with the lowest average of all industries in Canada, the average was 97.3 cents, with only 14,750 employees.

But the large bulk of the employed persons in Canada that are reporting to the dominion bureau of statistics—805,117 employees in manufacturing—earn an average of 167.2 cents. In some industries like mining, with 75,545 employees, they earn 197.9 cents per hour. From these figures—and we could mention others that are exceptionally high like primary iron and steel at 229.3 per hour for 28,000 people—it can be seen that in asking for $1.25 an hour we are certainly not asking for an exorbitant amount of money.

We should like this minimum wage law to be put into effect and be incorporated in a Canadian labour code. This code has been asked for by the Canadian Labour Congress. It has been asked for by the C.C.C.L. It has been asked for by many of the national unions. I think it is desired by all employees in Canada. I am happy to say that the present Minister of Labour (Mr. Starr) has asked the various labour organizations for suggestions as to what the labour organizations would wish established in a federal labour code. I commend the Minister of Labour for his initiative. In view of his record in these matters, and certainly in following that of the former leader of the Conservative party, R. B. Bennett, I think we can expect to see something done in this line in the very near future. We are asking for a federal code but we are also asking in this bill for this provision to be applied only to those employees under federal jurisdiction. These are few in number. They take in such employees as those in banks, in communications, in transportation, in civil service and a few other various industries.

Then I would point out that this minimum wage of $1.25 is not to be considered as a wage but is to be considered as a minimum wage and all other wages should seek to be higher. One of the advantages of having the federal government pass this type of legislation is that it sets a pattern for the provincial governments to follow. I think that this pattern is something that is desirable. Certainly the need for this type of legislation has been pointed out in the province of Newfoundland where conditions are certainly not as would be suggested if we had a Canadian federal labour code.

The federal government by passing this type of legislation is going to raise the standard of living of very few people because the majority of people under federal jurisdiction are now receiving a much higher rate of pay than this. But it will set for the provincial governments a pattern at which they can aim and by which they can hope to raise the standards in each of the provinces. This procedure is necessitated by the fact that the British North America Act made a division between those jurisdictions that come under the federal code and those that would not be covered under a federal code. The rate of $1.25 is the amount that has been asked for by the Canadian Labour Congress when they came to the government a few months ago, on January 22 of this year. In making their presentation, they had this to say:

> We believe parliament should enact a national minimum wage of $1.25 an hour and a national maximum work-week of 40 hours.

Certainly this last would be happily received in the province of Newfoundland. Then they go on to say this:

> In our last appearance before you we suggested to you that you might try to convene a conference with the provinces with a view to establishing uniform nationwide legislation on labour relations. We set out in some detail what we thought such a conference might accomplish. We also suggested to you, as we have suggested in our proposed amendments to the Industrial Relations and Disputes Investigation Act, that industries of nation-wide scope and importance should be brought under the act as has been done with grain elevators, for example.

In asking for this minimum of $1.25, which is 25 cents higher than was asked for by Mr. Stanley Knowles when he introduced this bill or a similar one in 1957, we are taking into consideration the inflationary trend and the need for an increased wage to keep up with the standard of living. In asking for the passing of this act we are also asking that favourable consideration be given to maintaining equal pay for equal work so

that women as well as men will be able to obtain the benefits of a minimum wage of $1.25.

I think there may be some objection in some parts of Canada to a rate of $1.25 because this is an arbitrary figure. It may be higher in some provinces in relation to the average rate of pay in that province than it will be in others. In the passing of this bill I think some consideration can be given to geographical locations and the rates of pay in various localities. This is something that can be done when and if this bill is referred to the standing committee on industrial relations. This bill could be amended so that it would take into consideration some of these geographical factors. I think consideration should be given by the house at this time to the passing of this minimum wage act so that we can give leadership to the provinces of Canada and can comply with the wishes expressed and the conventions entered into at the international labour conference long ago in 1928.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, before taking part in this debate I would like to check whether the actual bill is in order in that clause 4 states $1 an hour, whereas the explanation states $1.25 an hour. I imagine it is a typographical error which the hon. member for Timiskaming (Mr. Peters) has had changed in the house. If that is so, then I would like to go back to November 28, 1957, when Mr. Knowles first introduced his bill, because with the exception of the change from $1 to $1.25, and a rather minor change in the rates to be deducted for board and room, this bill is identical with the bill introduced by Mr. Knowles.

Mr. Knowles, in the same manner as the hon. member for Timiskaming, went back to 1935 when the government of Mr. Bennett, who was prime minister at that time, presented to parliament what was popularly known as the Bennett new deal legislation. Mr. Knowles went on to say that in this new deal legislation was incorporated a minimum wages act; but this was found to be ultra vires of the federal parliament and was referred to the Supreme Court of Canada by the Liberal government which came into office after the election in 1935. The reason it was declared ultra vires is that the court plainly stated that labour matters come in part only under federal jurisdiction, and part under provincial jurisdiction. Therefore it was not proper for the federal government to enact the legislation proposed by Mr. Bennett.

Mr. Knowles then got around that point in his bill by limiting its application to employees who come under federal jurisdiction. At the same time he made reference to the brief, as did the hon. member for Timiskaming, which was presented by the Canadian Labour Congress on October 21, 1957, in which Mr. Jodoin stated as follows. I am now quoting from page 1620 of *Hansard* for November 28, 1957:

> But the dominion should not confine itself to doing as well as the best of the provinces.

He is referring to the $1 minimum wage proposed in Mr. Knowles' bill.

> It should give a lead. It should, specifically, establish a legal maximum work week of 40 hours and a legal maximum wage of $1 an hour. This is not really a very drastic proposal.

Later on he goes on to say that a minimum of $1 an hour might be hard to apply immediately, but in most provinces the legal minimum rates are preposterously low. Mr. Jodoin did recognize that there would be difficulties in the application of this type of legislation, and that it would take some time. I find it rather strange that the hon. member for Timiskaming should feel that in the short space of a year or slightly more the rather difficult proposition of selling this to the provinces could be made easier by a general increase of 25 per cent, raising it from $1 to $1.25.

There was reference made in regard to comparison with United States figures and United States legislation. The legislation in the United States is called the fair labour standards act. This act was enacted by the United States congress in 1948 and it established a national minimum rate of pay and a maximum work week in industries under United States federal jurisdiction. The act initially set a minimum wage objective of 40 cents per hour which was to be reached in successive stages over a period of seven years. Subsequent amendments increased the minimum wage from 40 cents to 75 cents per hour in 1950, and to the present minimum of $1 an hour in 1956. But in the United States, because of their control of interstate commerce there are some 24 million workers who come under federal control.

In Canada there are only about 400,000 employees in industries which are under federal jurisdiction. Now, of those 400,000 employees some 70 per cent, or 280,000, come under collective bargaining agreements, which the hon. member will admit is the proper and best way to set wages. Of the remainder who are not covered under collective bargaining agreements, a very small percentage will have wages lower than $1 an hour. The figures given by the labour department indicate there

are some 20,000 lower than $1 an hour, and in the case of $1.25 I would estimate it would not be materially higher because the classifications covered by federal legislation are not usually the lowest paid people in the country. There is no doubt that minimum wages acts have a very fine purpose, and that is to see that the worker gets a living wage. But other factors have to be borne in mind. The capacity of industry to pay, the nature of the work and service, and the general level of wages.

In this same debate to which I referred on November 28, 1957, the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) pointed out that the minimum basic rates established by provincial legislation varied considerably, and I am indeed grateful to the hon. member for Timiskaming for putting on record a factual statement in regard to these various rates. The method of setting minimum wage rates in the provinces does vary from the method proposed in this bill in that they are usually handled by minimum wage boards who have the power to adjust these wages by regulation. A weakness in this bill is that you have to come to parliament every time you want an adjustment, and the hon. member has shown that in the short space of one year he considers the adjustment should have been 25 per cent above that proposed previously by the very able spokesman of his party. So that means that if this kept on it would be a yearly matter. However, the way the provinces operate is to set up a minimum wage board which has the power, through regulation, to set minimum rates. This bill therefore embodies a new approach in Canada as far as setting a minimum wage is concerned.

In regard to minimum rates in the provinces at the present time, some of these, as the hon. member has said, are quite low. He did point out, I believe, that they varied from some 35 cents to 75 cents an hour. He pointed out a zoning system was used in certain provinces; in other provinces there is a differential between urban and city areas. The hon. member's bill would, I think, try to make the federal government beat a club over the heads of the provinces by invading their field. From the figures I have given and the admissions of the hon. member himself, there is no real need for this measure as far as employees coming under federal jurisdiction are concerned. These are not the people he is aiming at. He is aiming at those areas under provincial control which do not at the present time have a wage level equivalent to what he is proposing, and he did read out certain figures from the Department of Trade and Commerce to bear out his contention.

I think it is not a good thing for this parliament deliberately to invade the fields which are set apart for the provinces, especially as all the provinces except one—Prince Edward Island—do have minimum wage boards or other means of setting minimum wages.

This minimum may appear low by our standards, and when I say "our standards" I am thinking of the province of British Columbia from which I come. However, it must be remembered that there are many varying factors to be taken into account. The range of occupations covered must necessarily be large, including farm labourers, domestic servants and baby sitters and other groups not yet represented by labour organizations. In addition, the place of work also varies widely from urban areas to remote rural areas.

I think the proper way to set wages is by collective bargaining and mutual agreement between employers and employees. To try to do it by setting a minimum wage level which would have a blanket application throughout the country is in my opinion misguided. It would be unenforcible because it is a matter outside our jurisdiction, and in any case it would be almost unenforcible in practice.

The point which the hon. member made with regard to such a bill setting a pattern for the provinces does not appear to me to have much validity, because I think the provinces will continue to do just what they think is in the best interests of their people and in the best interests of the development of industry. There may be one exception to that. Although no one can quarrel with the intent of the bill, which is to try to provide better wages for the workers of Canada, I believe there are much better ways in which the objective which the hon. member has in mind could be accomplished.

At the heart of the bill lies, as I have said, this figure of $1.25 an hour, if we leave out the question of board and lodging. I do not understand why that matter was ever put into the measure because, as the hon. member knows, construction workers and others engaged in employments which require them to work away from home and where special provision is required for board and lodging are almost invariably covered by union agreements, with the exception, perhaps, of domestic servants and farm labourers.

I think the hon. member will be disappointed if he hopes that in some of the agricultural provinces the farmers are going to look with much favour on this proposition, or if he thinks that the agricultural provinces which would have control over this field would pass any such measure. The best way to

settle the wages of farm labourers is by agreement between employer and employee, with the scarcity of farm labour giving the employee his greatest bargaining strength. It is, of course, admittedly more difficult for this kind of labour to be adequately represented through collective bargaining.

In conclusion I would draw the hon. member's attention to the fact that ability to pay must also be part of any wage settlement. So although in principle we support the idea of trying to do what the hon. member wishes to do, and although we hope that the provinces will continue as they have done in the past making provision by regulation for continual increase in minimum wages to keep in step with the times, this bill is certainly not the way in which it should be done.

Mr. John Smith (Lincoln): In rising at this time to take a small part in the debate I wish to assure the hon. member for Timiskaming (Mr. Peters) that I appreciate his sincerity in bringing in a bill of this kind which in many ways could benefit those who have to work for a living. Most of us I am sure would agree in principle with most parts of the bill. Nevertheless, I consider that I must point out some of the problems we should face if we were to embark on legislation of this kind at the present time.

I have had considerable experience of labour legislation and I was for many years a member of a labour organization. I have acted on arbitration boards, on bargaining committees, and on a great many other committees dealing with labour. This bill, in my view, is one that should be considered from a regional standpoint. I do not think we could justly set up a minimum wage which would be fair and equal in all parts of Canada. I do not feel, for example, that I am in a position to say that a $1.25 an hour would be a fair minimum wage in and around the Toronto area or, to go to extremes, in the northern parts of Ontario, Quebec and Newfoundland. I do not feel, therefore, that it would be possible at the present time to put into effect, and make workable, a minimum wage which would be fair in all parts of Canada unless this were done on a regional basis.

We must all remember that in the provinces we have departments of labour and ministers of labour and that it is their job to provide good legislation suitable to the provinces which they serve. I do not think that we in Ottawa should try to invade their field, at least at the present time. I said that I have had some experience in labour matters, and I should like to refer to the industrial standards act which is an act to provide for minimum wages and reasonable hours of work. That act has been on the statute books in the province of Ontario for some 15 years and throughout those years they have never been able to put it into effect in such a way as to make it work.

I may say that I have had some experience with that on an enforcing committee. It was not the employers of labour who gave us the greater problem. It was the employees themselves. If you set a minimum wage rate that is more than the prevailing rate in an area you immediately have a problem. After all, this is a free country and if a man chooses to work for $1 an hour it is going to be a big responsibility for someone to make him work for $1.25 an hour. A problem of enforcement is created. Who is going to enforce legislation of that kind? Who can make it work? Is it going to be done by the local municipal police, the provincial police or the R.C.M.P.? If you place an act on the statute books and want to make it effective it has to be enforced. The problem of enforcing a minimum wage entails a great deal of expense and a large number of persons who could serve to enforce it.

I feel that we should be cautious before proceeding to pass a law that is going to affect the whole of Canada. I made some reference to putting such a provision into effect. In communities where there is a minimum wage and where that wage is perhaps higher than the prevailing rate you find it has a tendency to pull down the prevailing rate to the minimum. There is no mistake about that. When contractors go into an area to tender on jobs they will tender at the rate set by the government, the minimum rate. Again a problem arises. If the minimum rate is higher than the prevailing rate it creates a disturbance in the area and problems arise that have to be met. Before we go too far with respect to a measure of this kind I feel we should give serious consideration to the point I have mentioned.

The riding that I represent is one of the most highly unionized in the whole of Canada but as I stand here and say that I do not feel I am not a friend of labour. I know that as far as our community is concerned minimum wages are not considered to be too important as a subject of labour legislation. There was a time in the years gone by before unions became as widespread and well organized as they are today—and I might say I participated to a considerable extent in the organization of at least one—when perhaps the need for a minimum wage was greater than at present but unions across the country are doing an excellent job in preventing what we used to refer to as slave labour. Between the unions and the

provincial departments of labour the situation is being pretty well taken care of at this time. I suggest that we proceed with extreme caution in respect of this question because it could lead us into a serious problem involving enforcement and result in unfairness across Canada that we do not wish to see. I know there are others who wish to speak to this matter so with those remarks I shall conclude.

(Translation):

Mr. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, this bill, in so far as it is designed to improve the lot of the working classes in Canada, should no doubt be welcomed by hon. members. However, I fail to see how, in its present form, it can help achieve the purpose contemplated by its mover.

In the first place, as I already said, it applies only to a very small category of employees, those under the federal government jurisdiction, about 400,000 in number. Now, more than half and perhaps even two-thirds or three-quarters of those 400,000 employees, are under various collective bargaining agreements. As for the others, they are mostly casual workers paid at prevailing rates.

Therefore, as regards employees directly covered by this bill, this legislation would offer them no substantial improvement, since their working conditions are already fairly good, if not better than those proposed.

It has been said that this legislation could serve as a model for the other provinces. How can anyone make such a claim, when nine of ten provinces have already adopted adequate minimum salary legislations for the particular conditions of their area. So much for the purpose of the bill.

Then again, the way it is worded, I do not think its application would be very practical. As a matter of fact, one of the employers—and the employer, in this case, will be either the government, the corporations, or the agencies or commissions coming under them—would have to pay a minimum of $1 an hour to all its employees; I even believe that it is $1.25, although, as I have already pointed out, the bill itself refers in section 4 to $1 an hour. Therefore, any time economic conditions changed, we would have to amend the bill or have it amended by parliament. Furthermore, there is no distinction being made between employees who could be paid not only by the hour, but also by the week, by the month, by the year, by contract or by the job. There is no provision for such cases. The case of apprentices is not provided for either. Apprentices, that is those who are in training, are not getting that minimum salary of $1.25 an hour.

Nor is any distinction made between Canada's various economic regions. It has been said time and again in this house—I believe it is a well-known fact—that Canada is a federation of various regions each with its particular economic problems and that, therefore, wage levels fluctuate tremendously between provinces. For instance, Mr. Speaker, you need only refer to the minimum wage act of the province of Quebec. The provincial minimum wage board has had to establish three regions or areas with varying wage levels. So if it is necessary in one province to make a distinction between wage levels in different areas, it is even more so in a vast country such as this, where economic conditions, according to all economists in the country and all people, differ widely. Of course, a minimum wage applied, for instance, in cities with a metropolitan area, like Toronto and Montreal, could not be applicable in remote rural areas.

Moreover, no consideration has been given to the good of the industry itself. The hon. member for Timiskaming (Mr. Peters), who introduced this bill, quoted certain figures showing that salaries are higher in some industries than in others. There is a very obvious reason for this difference which, in my view does not imply unfairness. On the contrary, it is a practical application of the principle of different pay for different work. In some industries, there are light jobs that can easily be performed by students, by youths or even by part time women workers. By using such labour, those industries are able to produce goods and sell them at a reasonable price allowing for a profit.

Subjecting all those industries to a standard rate of salary higher than present salaries would place them in a position where they could no longer compete with other similar industries in Canada and, perhaps more important, with other industries abroad. What would happen then? Surely there would be another unemployment crisis, because such action would restrict Canada's economic activity.

For all those reasons, I feel that this bill is not appropriate. In my view, parliament should not legislate or enact laws that cannot

be enforced because of the constitutional problems involved and also because of present economic conditions.

However, if I may be allowed to put forward a proposal in connection with minimum wages, I would suggest not in the form of an amendment, but merely as a suggestion—that legislation be passed to make it possible to enforce the minimum wage provisions that are now in the statute books in nine of the ten provinces with regard to employees under federal jurisdiction. This would take into account the variety of economic factors across the country, and at the same time, it would assert the principle that apparently the hon. member for Timiskaming has in mind, namely that every man's labour should receive a fair and equitable reward and that the federal government should give leadership in this regard.

(Text):

Mr. J. F. Browne (Vancouver-Kingsway): Mr. Speaker, I see by the clock there are only two minutes left. I should like to agree with most of those who have gone before me in approving the principle of this bill, but I find that a practical application of that principle would be another matter.

Much mention has been made of the Bennett legislation of 1935. Of course, there is a vast difference between that legislation and what we have before us today in the fact that that legislation applied not only to the people under federal jurisdiction but to all employees of the country. When we look back to the supreme court decision which was given at that time we find it interesting to note that the legislation was rejected by only three judges to two. It might be well to have another look to see if it would not be within the competence of the federal government to undertake such legislation as was passed by the Bennett government in 1935, because I feel it would be of a great deal more value to the country than the proposed bill.

I would note that the hon. member for Timiskaming (Mr. Peters) pointed out that one of the reasons why the Bennett legislation was passed was to provide for the ratifying of the convention of the international labour organization. That certainly is a very important question facing the workmen of Canada today because one of the things that we have to do to protect our position is to try to bring up the standards in the other countries so that the wage levels in those countries will get up to a base similar to our own—

BUSINESS OF THE HOUSE

Mr. Pickersgill: Since it is Friday afternoon, Mr. Speaker, I wonder whether the house leader will tell us what we may expect for the latter part of next week. I understand that a supply motion will take up Monday and Tuesday.

Mr. Green: Mr. Speaker, on Wednesday we shall take item No. 4 on today's order paper, the second reading of a bill to amend the Trans-Canada Highway Act; then item No. 5, a bill to amend the Fisheries Improvement Loans Act; then the two bills introduced today by the Minister of Veterans Affairs; then, the resolution concerning parliamentary secretaries; and the resolution concerning the Federal-Provincial Tax-Sharing Agreements Act. We may have to vary the order.

Mr. Pickersgill: Will that be the same program for Thursday?

Mr. Green: I am not sure of that as yet.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PROSECUTION OF BREWING INDUSTRY

Question No. 123—**Mr. Eudes:**

1. When did the Department of Justice reach a decision to initiate prosecution of the brewing industry on the basis of the report of the restrictive trades practices commission?
2. Has the question reached a grand jury?
3. If so, did any delay occur between the decision and the question reaching the grand jury?
4. If any delay did occur, what was the reason for such delay?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. A decision was made during the latter part of October, 1957 to refer the report of the restrictive trade practices commission regarding Canadian Breweries Limited to counsel with instructions for prosecution unless in the course of preparation counsel should come to the conclusion that there was not sufficient ground or evidence of the facts alleged, to warrant prosecution.

2. Yes, on February 9, 1959, when a true bill was returned.

3. No. The lapse of time was due to the complicated nature and size of the case, the time required to study and assess the legal issues involved, and to consult potential witnesses and otherwise review and assess the evidence available.

4. Answered by 3.

WESTERN PRODUCE ASSOCIATION

Question No. 177—**Mr. Argue:**

1. Has the western produce association ever been investigated under the Combines Investigation Act?
2. If so: (a) what is this organization, when was it organized, and what is its purpose? (b) in what cities does it operate and where is its headquarters? (c) who are the members of this association, who are its officers, and with what companies or business organizations are they connected? (d) on what occasions have the operations of this association been under investigation by the combines investigation branch? (e) what was the purpose of the investigation on each such occasion?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

Insofar as the Department of Justice is concerned:

1. This organization has not been investigated under the Combines Investigation Act in the technical sense in which the word "inquiry" is used in that act. The implications of its activities are however presently the subject of discussions taking place between the combines investigation branch and the Department of Agriculture.

2. Answered by 1.

APPENDIX

TELEGRAMS TERMINATING ARROW AIRCRAFT AND ENGINE CONTRACTS

Tor 2181

To Avro Attn J L Plant Malton (TCO via CN Telegram)

From D L Thompson D D P Ottawa

Take notice that your contracts bearing the reference numbers set out below including all amendments thereto are hereby terminated as regards all supplies and services which have not been completed and shipped or performed thereunder prior to the receipt by you of this notice stop You shall cease all work immediately, terminate subcontracts and orders, place no further subcontracts or orders and instruct all your subcontractors and suppliers to take similar action stop You are requested to submit to the Department of Defence Production, Ottawa, Ontario for consideration, any claim which you may have as a result of this termination stop Such claim and those of your subcontractors and suppliers, if any, are to be submitted on the prescribed departmental termination claim forms stop On receipt of this notice, you should make application in writing to the chief settlement officer, Department of Defence Production, Ottawa, for the requisite set of forms stop Your claim and all correspondence concerning it should be addressed to Mr. D. B. Wallace, chief settlement officer, Department of Defence Production stop Reference numbers of terminated contracts; BX69-12-44; serial 2-B-5-309; BX18-26-97; serials 2-B-4-715; 2-B-4-595; 2-B-7-1455; 2-B-8-27; BX18-772778 serial 2-BX-8-14; BR18-872803 serial 2-BR-8-149

Feb 20/59 12.30 PM BC

Tor 2183

To Avro Attn J L Plant Malton (TCO via CN Telegram)

From D L Thompson D D P Ottawa

You are hereby authorized to cease immediately all purchasing or other acquisition and installation of the capital equipment listed in schedules "A", "B" and "C" to the CF-105 aircraft capital equipment agreement dated September 29, 1955, as amended, bearing references B.18-38-4540 and B.69-12-44 stop Take notice that the cost of any capital equipment purchased subsequent to the receipt by you of this notice shall not be subject to reimbursement under section 4 of the said agreement

Feb 20/59 12.40 P.M. BC

Tor 2182

To Orenda Engine attn E K Brownridge Malton (TCO via CN telegram)

From D L Thompson Dept Defence Production Ottawa

Take notice that your contracts bearing the reference numbers set out below including all amendments thereto are hereby terminated as regards all supplies and services which have not been completed and shipped or performed thereunder prior to the receipt by you of this notice stop You shall cease all work immediately, terminate subcontracts and orders, place no further subcontracts or orders and instruct all your subcontractors and suppliers to take similar action stop You are requested to submit to the Department of Defence Production, Ottawa, Ontario, for consideration, any claim which you may have as a result of this termination stop Such claim and those of your subcontractors and suppliers, if any, are to be submitted on the prescribed departmental termination claim forms stop On receipt of this notice, you should make application in writing to the chief settlement officer, Department of Defence Production, Ottawa, for the requisite set of forms stop Your claim and all correspondence concerning it should be addressed to Mr. D. B. Wallace, Chief Settlement Officer, Department of Defence Production stop Reference numbers of terminated contracts: BD69-12-88 serial 2-B-4-717; BD69-12-88/2 serial 2-B-5-846; BD18-36-75 serial 2-B-5-585; BD18-26-74 serial 2-B-5-263; BD18-26-74/2 serial 2-BD-7-1484; BD18-36-74/A6 serial 2-B-7-1015; 4-7-02/2 serial 1-B-6-12; 4-7-02-1/2 serial 1-B-6-23; 4-7-02/2/2 serial 1-B-613

Feb 20/59 12.36 PM BC

Tor 2184

To Orenda Engine Attn E K Brownridge Malton (TCO Via CN Telegram)

From D L Thompson Dept Defence Production Ottawa

You are hereby authorized to cease immediately all purchasing or other acquisition and installation of the capital equipment listed in schedule "A" to the PS-13 Capital Equipment agreement dated July 31, 1955, as amended, bearing reference B.69-12-88; CD DRB/Air/Dev/109 stop Take notice that the cost of any capital equipment purchased subsequent to the receipt by you of this notice shall not be subject to reimbursement under section 4 of the said agreement.

Feb 20/59 12.44 PM BC

66968-9—95½

HOUSE OF COMMONS

Monday, March 2, 1959

The house met at 2.30 p.m.

PUBLIC SERVANTS INVENTIONS ACT

AMENDMENT RESPECTING ADMINISTRATION OF MONEYS

Hon. Gordon Churchill (Minister of Trade and Commerce) moved for leave to introduce Bill No. C-33, to amend the Public Servants Inventions Act.

Motion agreed to and bill read the first time.

MOTIONS FOR PAPERS

NATIONAL MUSEUM—RESIGNATIONS AND TRANSFERS

Motion No. 56—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between any cabinet minister and his or her deputies, and any other department of the government, and any person or persons since 1950, regarding resignations and transfers of employees of the national museum of Canada.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Subject to the reservation on privileged documents.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the limitation expressed by the minister?

Motion agreed to.

CF-105—DISCONTINUATION OF PRODUCTION

Motion No. 57—**Mr. Argue:**

For a copy of all correspondence, telegrams, and other documents exchanged between the federal government and officials of A. V. Roe Canada Limited or its subsidiary companies, relating to the discontinuance or impending discontinuance of production of the CF-105.

Hon. Raymond O'Hurley (Minister of Defence Production): I accept the motion with the reservation as to any security documents that might be in the correspondence.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation expressed by the minister?

Motion agreed to.

CF-105—DEVELOPMENT AND CONSTRUCTION

Motion No. 58—**Mr. Argue:**

For a copy of all contracts and agreements exchanged between the federal government and A. V. Roe Canada Limited and its subsidiary companies, relating to the development and construction of the CF-105.

Hon. Raymond O'Hurley (Minister of Defence Production): That is subject to the same reservation as No. 57.

Mr. Speaker: Subject to the same limitation expressed by the minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

NATIONAL MUSEUM—CHANGE OF LOCATION OF BRANCHES

Motion No. 59—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between any cabinet minister or his or her deputies, or any department or agency of the government, and any person or persons, regarding the establishment of the human history branch or the natural history branch of the national museum of Canada in any city aside from Ottawa.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I am glad to accept this motion subject to the reservation on privileged documents.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation expressed by the minister?

Motion agreed to.

NATIONAL MUSEUM—BRIEF TO MASSEY COMMISSION

Motion No. 60—**Mr. Argue:**

For a copy of the brief submitted by the national museum of Canada to the royal commission on arts, letters and sciences.

Motion agreed to.

PRINCE RUPERT, B.C. AIRPORT

Motion I.o. 61—**Mr. Howard:**

For a copy of all correspondence, telegrams and other documents exchanged, from January 1, 1955 to date, between the federal government and any person, organization or government, and a copy of all briefs and representations received by the federal government respecting the building of the airport at Prince Rupert, British Columbia.

Motion agreed to.

NATIONAL MUSEUM REORGANIZATION

Motion No. 62—**Mr. Argue:**

For a copy of any study or report submitted to the government, either at its instigation or otherwise, between January 1, 1945, and December 31,

1955, dealing with the reorganization and administration of the national museum of Canada.

Motion agreed to.

BRIDGE, THREE RIVERS-STE. ANGELE, QUE.

Motion No. 63—**Mr. Boulanger:**

For a copy of all correspondence, telegrams, reports and other documents exchanged between the federal government and the province of Quebec, the city of Three Rivers and the chamber of commerce of Three Rivers, since January 1, 1957, with respect to the construction of a bridge on the St. Lawrence river between Three Rivers and Ste. Angele, Quebec.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, there is no objection to this order, provided the consent of the provincial government is obtained to tabling documents passing between the two governments.

Mr. Speaker: Subject to the limitation expressed by the minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

DEFICIENCY PAYMENTS AND SUPPORT PRICES

Motion No. 64—**Mr. Argue:**

For a copy of all correspondence, telegrams and other documents exchanged between the agricultural prices support board, the agricultural stabilization board, and officers of farm organizations, since January 1, 1957, referring to the question of deficiency payments and support prices on agricultural products.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I would ask the hon. member to consider withdrawing this motion and resubmitting it in such a form as will make his meaning clearer. I do not know how this motion should be answered in its present form, because deficiency payments are one of the means by which support prices are maintained. I think what the hon. member wants is information regarding the so-called—and incorrectly called—deficiency payments being requested on western wheat, oats and barley.

Mr. Hazen Argue (Assiniboia): That is not what I want, Mr. Speaker; that is what I ask for in the next order. However, I will discuss this with the minister if that is what he wishes.

Mr. Speaker: Is it the pleasure of the house to let this motion stand?

Some hon. Members: Agreed.

Motion stands.

WHEAT, OATS AND BARLEY—DEFICIENCY PAYMENTS

Motion No. 65—**Mr. Argue:**

For a copy of all correspondence, telegrams and other documents exchanged between the Prime Minister, any other ministers of the government, and officers of farm organizations, since January 1, 1957, referring to the question of deficiency payments on wheat, oats, and barley produced in the prairie provinces.

Hon. Gordon Churchill (Minister of Trade and Commerce): I wonder whether the mover of this motion would consult with me as to the meaning of the word "documents". If this is intended to refer to various briefs which have been presented by various farm organizations, may I say that I think they are already in the possession of almost everyone concerned and that it might be somewhat onerous to reproduce some of those. If correspondence and telegrams alone are meant, that is a different proposition entirely.

Mr. Hazen Argue (Assiniboia): Perhaps this motion could be passed, subject to the limitation expressed by the minister, namely that public documents already presented to the government by farm organizations should not be included.

Mr. Speaker: Subject to that limitation, is it the pleasure of the house to adopt the motion?

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

MONTREAL—REPORTED ARREST OF PRODUCERS—STATEMENT AS TO PRESENT STRIKE SITUATION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of National Revenue. Is the minister aware of the arrest in Montreal today —two hours ago, as a matter of fact—of Mr. Rene Levesque, a well-known television commentator, Mr. Jean Marchand, the secretary general of the C.T.C.C. and eight other prominent television producers, allegedly because they were singing "O Canada" in proximity to the Canadian Broadcasting Company's building in Montreal and refused to move?

Hon. George C. Nowlan (Minister of National Revenue): I am not aware of the incident to which the hon. gentleman refers. As I came into the house I heard that some difficulties had arisen outside the C.B.C. building in Montreal in which the Montreal police felt required to participate to some extent. I am not sure what arrests may have been made. If the hon. gentleman wishes I could go into the background of this affair in 30 seconds, and tell the house what has happened up to date. Perhaps I should bring

hon. members up to date on this question, anyway; I could have done so earlier, on motions.

I am advised by the C.B.C., that the situation in connection with this strike is something like Gaul; it is divided into three parts. The first part had to do with the strike of the producers to which frequent reference was made some weeks ago. I am speaking now from memory; however, four weeks ago, so I am advised by the C.B.C., an agreement in principle was determined between the producers and the corporation under which the producers might return to work. At that stage it developed that the producers felt they should not go back to work unless something was done on behalf of those who manned the picket lines.

Subsequent to that negotiations were carried on between the corporation and the union's representatives who had been on the picket lines. The first demand made was that they should be paid for the time they were on the picket lines. That was refused. Finally suggestions were made with respect to arbitration, and in the end those matters were settled.

As I understand it, on Saturday night—and again I speak subject to correction—agreements were arrived at between the corporation and all the unions under which those difficulties were settled, and then negotiations were again resumed yesterday between the corporation and the producers with respect to that agreement which had been entered into some weeks ago. Late last night it developed that there was some misunderstanding between the producers and the corporation as to the interpretation which was to be placed on one paragraph of that agreement. As a result the negotiations broke off either at a late hour last night or at an early hour this morning, and the representatives of the producers went back to Montreal to report to their associates there. I was advised that a meeting was to be held this morning at ten o'clock at which these matters were to be discussed.

That is all I know of this matter, Mr. Speaker, subject to the report I got just as I entered the chamber and the information given me by the hon. member in his question. I take it that the meeting was held this morning, and apparently after the breaking up of the meeting there was a demonstration of some kind in front of the C.B.C. building which resulted in some activity on the part of the police. I presume this will be a matter of news and doubtless it will be fully reported in the press. I shall certainly make inquiries as soon as I can, and I should be in a position to report to the house tomorrow giving all the details. That is all the information I have.

Mr. Chevrier: A supplementary question, Mr. Speaker. Did the C.B.C. give instructions to the police officers in Montreal to intervene in this matter, resulting in the arrest of these several distinguished people?

Mr. Nowlan: Mr. Speaker, I have no knowledge of that whatsoever, but I would be very much surprised if a police force such as the police force of Montreal would take instructions from anyone as to what they think their activities should be.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, my question has to do with a radio report to the effect that the corporation would not recognize the producers' association if it was affiliated with the Canadian and Catholic Confederation of Labour. Can the minister assure the house that this right of the producers will in fact be protected?

Mr. Nowlan: I am not sure to what the hon. member refers when he speaks of the "right". The agreement which was entered into between the corporation and the union, each paragraph of which was initialled by the representatives of the union, I am told, provided explicitly that the producers would not become affiliated with any union whatsoever. That was the position which the corporation took from the beginning. It was well understood. I believe it is the position the corporation has taken throughout all these negotiations. It was felt that if the producers were to be recognized as a union they should apply to the Canadian labour board and obtain certification. I believe it was the interpretation of that clause of the agreement which caused the adjournment of the discussion.

Mr. Chevrier: Mr. Speaker, may I be permitted to ask a further question. In view of the statement made in the house on February 6 to the effect that the producers and the C.B.C. had arrived at an understanding—not an agreement, because one was not signed, but an understanding—can the minister tell the house or can he explain the reasons for the prolonged delay in reaching an agreement between those two parties?

Mr. Nowlan: As I explained, I thought, the reason is that after this understanding or agreement, call it what you will, was reached between the producers and the corporation, the producers then refused to go back to work until various unions which had supported them on the picket lines had, as they said, been looked after, so there were prolonged negotiations going on. Those on the picket lines first demanded that they should

be paid for having marched around in the picket lines, or for having stayed at home when the picket lines were operating, and then finally the question of arbitration was discussed for some weeks. It was really a discussion not with the producers at all but with I think five other unions, three official unions and the artistes and authors who are not, as I understand it, officially recognized as unions but have been given the same status. Discussions were carried on with each of those five organizations during the last days or weeks, and they culminated only on Friday night or Saturday night when the producers came to discuss and, I am told the corporation thought, to sign the agreement which was entered into some time early in February.

Mr. Raymond Eudes (Hochelaga): Perhaps the Minister of Justice will inform the house on what grounds or at whose request those respectable citizens were arrested this morning?

Hon. E. D. Fulton (Minister of Justice): No, Mr. Speaker, the Minister of Justice is unable to inform the house because, after listening to the report of the Minister of National Revenue it appears that the arrests, if any, were made by the Montreal city police, which force is not subject to the authority of the federal parliament or government.

FRENCH NETWORK—PROPORTION OF LIVE PROGRAMS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I ask the Minister of National Revenue if he has had time to consider his reply to the questions I asked him on February 20 last dealing with the live content of French programs on the C.B.C. network, and whether there have been violations of the regulations of the C.B.C.?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I probably should have given an answer to this question before the chairman of the board of broadcast governors went away. I discussed the matter with him the other night for a few moments, and he told me that there was no violation of the regulations. I was a little surprised, as I am sure the hon. member will be, that there are no regulations governing television content at the moment. That is something which will be rectified by the board of broadcast governors in the immediate future. I think there has been an implication that the radio regulations would apply to television. I had intended to ask the chairman to give a definitive answer to that matter and put it on the record, and if the hon. member wishes me to pursue it further I will do so and read his statement into the record within a day or so.

Mr. Chevrier: Are there any regulations concerning private television stations as well?

Mr. Nowlan: I had only some casual conversation with the chairman in my office about this, and he told me there were no regulations respecting the live content of television programs in Canada at the moment, nor had there been at any time heretofore.

Hon. J. W. Pickersgill (Bonavista-Twillingate): In view of the answer given by the Minister of National Revenue, I wonder if he or the house leader could tell us when the government proposes to set up the committee on broadcasting which was promised at the very beginning of the session.

Mr. Nowlan: I do not think it was promised at the very beginning of the session. At the time the legislation was brought in last year a promise was made that a committee on broadcasting would be established at this session of parliament.

Mr. Pickersgill: At the beginning of the session.

Mr. Nowlan: Whether or not "beginning of the session" was said I am not certain. I suppose it depends on how long the session is going to be whether this is the beginning of the session or not. But it is the intention of the government to set up a committee on this matter in the near or immediate future.

POWER

COLUMBIA RIVER—REPORTED STATEMENT BY PREMIER OF BRITISH COLUMBIA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Public Works. My question is based on a newspaper report in the Vancouver *Sun* of February 26, of remarks made in the provincial legislature by Premier Bennett, concerning the development of the Columbia. The report reads as follows:

> Ready to Go
> On his recent trip to Ottawa Bennett said he met with federal works minister Howard Green and offered to sign an agreement now for public development of the Columbia with the federal government. Green would not support the plan, he said.

In view of the fact that the minister's statements in the house and in the country throughout the years have consistently indicated his constructive and co-operative approach to this question in order to clear up any misunderstanding would he care to comment on this report.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I am very grateful to the hon. member for Kootenay West for giving me notice of his intention to ask this question and for drawing the report to my attention. Like himself, I was amazed when I read that report, so much so that I am doubtful whether the premier of British Columbia actually made the statement. The facts are that the federal government has been and is very keen to see this development of the Columbia river go ahead and go ahead quickly. We have been somewhat concerned for fear the provincial government might have lost interest and turned its attention to the Wenner-Gren proposals for the development of the Peace river.

The hon. member will recall that in the statement I made on December 5, in my capacity as acting prime minister at the time, outlining the fact that we were suggesting to the United States that the question of downstream benefits should be referred to the international joint commission, I used these words among others:

> Furthermore, the postponement of such development in favour of some other power scheme could well result in making the development of the Columbia river in Canada impossible.

I amplified that in speaking in the throne speech debate on January 29, when I said, as reported at page 512 of *Hansard:*

> It is true that this project will depend upon the co-operation of the government of the province of British Columbia. They have been giving some indication that they would prefer to have a pet scheme of their own up on the Peace river developed by the Wenner-Gren interests. I can only say this. If this Columbia river project is killed by failure of the government of British Columbia to co-operate they will be doing a great disservice to the people of our province and to the people of Canada.

With this background I met with Premier Bennett here three or four weeks ago—and by the way he also met with other ministers. I asked him as to whether or not his government really intended to do anything about the Columbia river. The hon. member knows that Premier Bennett is a very impetuous and, might I say, impatient man. He said, "Why, let us sign a letter of intent right away". Of course neither of us was in a position to sign a letter of intent, and I pointed this out to him. If he did make the statement referred to, this can be the only justification he had for making it, which I suggest amounts to absolutely no justification at all.

Actually the international joint commission met about two weeks ago in New York and had a very successful meeting. They are meeting again later in March at Chicago. The policy of the federal government remains as it was set out in the speech from the throne on October 14, 1957, namely:

> My ministers are pressing for a favourable settlement of international problems in connection with the Columbia river to clear the way for a joint program with the province of British Columbia to develop the immense power in the waters of this river.

In addition to the meetings of the international joint commission, a technical committee has been set up consisting of representatives of the province of British Columbia and the dominion government. This committee has met twice and had very useful meetings. I believe a higher level committee with representatives from the two governments is also to be set up. There is every reason for hope that there will be full co-operation in the early development of the Columbia river. Certainly there will be no lack of co-operation on the part of the federal government.

Mr. Herridge: I want to thank the minister for clearly removing any reasons for misunderstanding and establishing the truth.

INDUSTRY

AIRCRAFT—REPORT BY AIR INDUSTRIES AND TRANSPORT ASSOCIATION OF CANADA

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Prime Minister whether he is in a position to answer the question I put to him on February 26, Thursday last, as to whether or not he had received a report presented to him on December 2, 1957, by the air industries and transport association of Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I had an examination made of the files, and I ascertained that on December 2, 1957, a confidential brief was delivered to myself and other members of the government, I think, by the air industries and transport association of Canada. That brief was not only confidential but even went further and stated that it was not for publication in any way. When the question was asked the other day it brought to mind the necessity of maintaining a reasonable degree of care in answering questions on the orders of the day because no one can recall the almost numberless briefs that are received over a period of time.

Mr. Martin (Essex East): May I ask a supplementary question. Is the Prime Minister aware that this confidential document can be obtained from the library of parliament, and bears reference number TL523-A77-S3-B2?

Mr. Diefenbaker: That is perfectly true, which indicates that the hon. gentleman had the answer to the question when he asked it the other day.

Inquiries of the Ministry

ST. LAWRENCE SEAWAY

REQUEST FOR STATEMENT CONCERNING IMPOSITION OF TOLLS

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of Transport. In view of various press reports concerning the imposition of tolls on the St. Lawrence seaway, can the minister say when he will make a statement to the house on this matter?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, we are in touch with the government of the United States about this matter, and I expect to be making a statement shortly.

ADMINISTRATION OF JUSTICE

LORD'S DAY ACT—OPERATION OF TRANSPORTATION SERVICES

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): I should like to direct a question to the Minister of Justice. Inasmuch as the Lord's Day Act is so designed that those services which are permissible on Sunday are specifically detailed in the act and makes no provision for the operation of any service that has come into being since 1906, has the minister's attention been drawn to a case recently heard by the Alberta supreme court in which two interprovincial trucks were stopped on Sunday and charged with violation of the Lord's Day Act? If so, would the minister care to tell the house if his department at the present time is studying this statute with regard to the operation of buses, trucks, street cars and airplanes in Canada?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. gentleman was kind enough to mention to me his intention to ask this question. In reply I should advise him that the fact that a case of the nature to which he has referred is before the courts has been drawn to my attention. I have not yet been furnished with a copy of the judgment, and I am not quite sure where the case stands at the present time.

In answer to the second part of his question I can assure the hon. gentleman and other hon. members that the department is watching the progress of this case very carefully, and will watch it at all stages in order to see what the ultimate decision will be.

TRADE

URANIUM—INQUIRY AS TO AGREEMENT WITH JAPAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask a question of the Secretary of State for External Affairs. Having regard to the fact that the minister stated in this house on June 23, 1958 that he hoped that Canada would be in a position shortly to begin negotiations with the government of Japan for bilateral agreement on the peaceful uses of atomic energy, and having regard to the fact that the Minister of Trade and Commerce confirmed that hope a few days later, can the Secretary of State for External Affairs tell the house when these negotiations began and what progress is being made with regard to them?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I recall making that statement, and that was our hope and expectation at the time. As this matter involves several departments I shall be happy to take the question of the Leader of the Opposition as notice.

OIL—INQUIRY AS TO REPRESENTATIONS RESPECTING IMPORTS INTO U.S.

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. In view of the fact that the oil import restrictions of the United States which affect the Canadian crude oil exports expired on February 28, and in view of the news item over the week end indicating that it was proposed to make them mandatory, could the minister advise us as to what exactly is the position in this regard, and whether or not the Canadian government has made any further representations to the United States government opposing any mandatory restrictions or regulations?

Hon. Gordon Churchill (Minister of Trade and Commerce): My understanding, Mr. Speaker, is that an announcement will come from Washington in the course of the next few days with regard to this particular matter. The position of the Canadian government was stated very clearly at the meeting of the joint Canadian-United States committee on trade and economic affairs in Ottawa on January 5 and 6, and that position is unchanged and has so been indicated to the authorities at Washington.

Hon. Paul Martin (Essex East): Is the minister not aware that in the New York *Times* of Sunday last, in view of the request of the President of the United States that the matter rest until March 10, he is quoted as having said that he is going to give consideration to further representations before that date?

Mr. Churchill: Mr. Speaker, I feel honoured at being mentioned in such a paper as the

New York *Times*, but I have made no statement to that effect. We will have to wait until the text, if any, is received from Washington so we may see exactly what is proposed.

FINANCE

TARIFF BOARD—REFERENCE TO CHANGES IN PERSONNEL

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask a question of the Minister of Finance. Can the minister inform the house whether or not the forthcoming personnel changes in the tariff board represent a move in the direction of higher tariffs on imports into Canada? If not, can the minister indicate why a change in the board's personnel has been found necessary at this time?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, it is quite evident that the hon. gentleman has quite misapprehended the situation. Members of the tariff board are appointed for ten year terms. The one qualification laid down by the Tariff Board Act is that a member reaching 70 years of age retires automatically. It happens that the terms of the two vice chairmen of the tariff board expire on March 31 next. That is all there is to the matter. Their terms will expire on the 31st day of this month.

As to the chairman of the board, I may say that his term does not expire at the present time and would not expire for several years. If he continued on the board he would reach the point of retirement, because of the 70 years of age provision, in about two years, I believe. But Mr. Hector McKinnon, than whom there is no finer or more highly respected public servant in this country, had decided, I am informed, well over two years ago—certainly a considerable time before this government came into office—that he did not intend to wait until he reached 70 years of age before retiring, and he had communicated that wish to my predecessor, who urged him to carry on.

Shortly after the present government took office Mr. McKinnon intimated to me that he wished to retire shortly. He gave me the reasons. I assure the house that the reasons are entirely personal. No significance should be attached to this matter on any other basis whatsoever. In view of the heavy docket of cases and references awaiting decision on the part of the tariff board, it was at my urgent request that Mr. McKinnon agreed to carry on. He has extended the period that he had agreed to carry on, and at the time of the last extension I made it a matter of a strong request to him that he should carry on until completion of the report of the board on a particular reference.

At some personal sacrifice and by changing plans he had made, Mr. McKinnon accommodated that wish, and out of a sense of public duty he agreed to carry on until March 31 and is doing so. In so doing he is earning the warm-hearted gratitude of the government.

I wish to say that I greatly regret that Mr. McKinnon is not carrying on until he reaches 70 years of age. However, the decision he has made is one that I must respect and accept. When he agreed to the last extension I promised that I would not ask him to carry on beyond March 31 because of the fact that he was yielding to some considerable pressure on my part in agreeing to carry on until March 31.

I leave this subject, Mr. Speaker, with this observation. I think Mr. Hector McKinnon, in the long years of service he has given to the people of Canada in a variety of responsible positions in the public service, has earned the undying gratitude of all Canadians.

Mr. G. J. McIlraith (Ottawa West): I have a supplementary question, Mr. Speaker. In answering the question the minister has dealt with the case of Mr. McKinnon, the chairman of the board. I think we all share his views about Mr. McKinnon's work. But I should like to ask about the termination of the term of office of the other two gentlemen. Were they asked to continue their duties or to continue in office?

Mr. Fleming (Eglinton): The hon. gentleman refers to the termination of the term of office. There is no such termination. These gentlemen were appointed for a ten-year term, and their ten-year term expires on March 31. The government has taken no step to terminate their term. It simply follows in pursuance of the terms of the statute and the terms of their appointment by the previous government.

Mr. McIlraith: Perhaps I did not make my question clear, Mr. Speaker. My question was whether or not the government asked them to continue in office.

Mr. Fleming (Eglinton): Mr. Speaker, the government has not asked these gentlemen to continue beyond the term for which they were appointed.

ATOMIC ENERGY

STRONTIUM 90—EFFECTS OF RADIOACTIVE FALL-OUT

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, last

Inquiries of the Ministry

Wednesday the hon. member for Welland asked me a question concerning the strontium 90 content of wheat and milk.

As far as wheat is concerned, the department is not at present measuring strontium 90 on a regular basis. Recent spot checks indicate, however, that wheat does not contribute appreciably to the strontium 90 content of the Canadian diet.

In regard to milk, our findings indicate no hazard to health. The next regular departmental report on strontium 90 levels in milk is expected to be ready for release in a few weeks. I might say that it has been our intention, which we hope to achieve soon, to bring out these reports at more frequent intervals.

As hon. members probably know, calcium and strontium nearly always occur together in foods and behave much alike in the human body. The most recent figures show that Canadians obtain 80 per cent of their dietary calcium from milk and milk products, in contrast to only 3 per cent from wheat in the form of flour, the main way in which wheat is consumed by Canadians. As a result it seems to us that in this country, milk analyses are currently the best means of determining the human intake of strontium.

Mr. Hazen Argue (Assiniboia): I should like to ask a supplementary question. Has any study been made as to the danger of contamination from strontium 90 by any continuation of nuclear tests? Are we now getting near the danger point, so that further nuclear tests may in fact bring about contamination?

Mr. Monteith (Perth): Mr. Speaker, when answering the previous question I think I mentioned that we hoped to have the next report out in a few weeks. At that time I imagine the report will indicate what is happening.

Hon. Paul Martin (Essex East): I should like to ask a supplementary question. Has the minister's attention been drawn to a statement made by a government official in the province of Manitoba regarding this question, and will he give consideration, if he is not able to do so today, to making a statement at the earliest possible moment in view of the importance of this matter? The statement in Manitoba had to do with the adequacy of the federal government's standards for measuring radioactivity.

Mr. Monteith (Perth): Mr. Speaker, I do not recall the exact day, but some days ago I was asked a question—I think it was by the hon. member for Kootenay West—concerning reports coming out of Winnipeg or out of Manitoba, and the questions were answered at that time.

[Mr. Monteith (Perth).]

(Translation):

PUBLIC SERVICE

INQUIRY AS TO APPOINTMENT OF QUEEN'S PRINTER

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I wish to direct a question to the Secretary of State.

When can we expect the appointment of a new queen's printer for Canada?

Hon. Henri Courtemanche (Secretary of State): This appointment being a responsibility of the cabinet, it will be announced as soon as it is made.

(Text):

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—IMPLEMENTATION OF REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I may direct a question to the Prime Minister. Now that five weeks have elapsed since the Prime Minister received the representatives of the government of Newfoundland, is he yet in a position to say how soon the government hopes to be able to announce its intentions with regard to the McNair report?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this matter was given the fullest consideration, and continuing consideration is taking place. When we are in a position to bring it to the attention of the house we shall do so. I hope it will be in the not too remote future. If we progress with the business ahead of the house I am sure the hon. gentleman will not have too long to wait.

HIGHWAYS

BOUCHERVILLE-CAUGHNAWAGA—REPORTED CONSTRUCTION OF FOUR-LANE SCENIC ROAD

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. It is probably similar to one I have already asked. I must admit that I am not too sure now, on calling on my memory, what the answer was, but it arises out of a newspaper report which I recently saw. The question is, has the Department of Transport or the government made an agreement with the province of Quebec for the construction of a four-lane or six-lane highway upon property expropriated by the St. Lawrence seaway authority in the St. Lambert area?

Hon. George H. Hees (Minister of Transport): No, Mr. Speaker.

SHIPPING

BELL ISLAND—REPORTED NEED FOR ICEBREAKING ASSISTANCE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I would like to direct a question to the Minister of Transport. Has the Minister of Transport seen the report in the St. John's *Telegram* that the icebreaker *McLean* did not respond to a request from the mayor of Bell island for assistance in landing urgently needed supplies on that island; and if so, does the minister intend to do anything about the matter?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, this matter has not been drawn to my attention, but I will look into it and see what can be done.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

DEFENCE POLICY, DEFENCE PLANNING, DEFENCE PRODUCTION

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this motion to go into supply provides me with the opportunity to raise certain questions concerning defence policy and defence planning in this country, with special reference to the necessity of planning defence production. I express a hope at once, Mr. Speaker, that the Minister of Defence Production will follow me immediately in order to deal with the questions in regard to this matter which I propose to raise. We have not heard from the minister on this matter Mr. Speaker. I know, he will be happy to take advantage of the opportunity we are now giving him.

As I have just said, Mr. Speaker, I propose to make special reference to the necessity of planning defence production in order to avoid in the future such wasteful, confused and harsh procedures as those which were followed in the cancellation of the contract for the CF-105. As we are now entering into a new era of defence policy, of defence production, and I hope of defence organization in this country, in view of changing circumstances it is all the more important, surely, that the government should adopt businesslike and efficient procedures, planning and development, among other things, to ensure that our defence production and defence activities do not become mere adjuncts to those of the United States.

The defence activities, defence plans and defence policies of our two countries are bound to be very closely related. No one on this side, Mr. Speaker, desires to do or say anything which would interfere with the necessity of defence arrangements which recognize the interdependence of the two countries; but while that surely is obvious and inevitable, the recognition of interdependence in defence matters must be a genuine recognition of genuine interdependence, and not the subordination of these matters of arrangements for the production and the planning of one country to those of the other. No one emphasized the necessity for Canada maintaining her own position within this context of interdependence more than hon. gentlemen opposite when they were sitting on this side of the house.

I should like at the beginning to look at the air defence situation with regard to policy and planning. When the government took over in June, 1957 one of the very first things it did in this field was to agree to the establishment of a North American air defence command after what we have always, on this side of the house, considered to have been quick and casual consideration. As has been made very clear in this house during previous sessions, this was done without any formal intergovernmental agreement and without referring the matter at the time to parliament. The speed with which Canada's air defence squadrons were put under this North American command was quite a contrast to the delay and uncertainty with regard to government policy respecting the Arrow contract.

I suggest that the strong and obvious desire of the United States government at that time to set up NORAD gave the Canadian government a great opportunity to ensure that Canada's legitimate rights in all aspects of continental defence should be safeguarded and ensured. We had a very high card to play in the negotiations which then took place, and it was a Canadian card which could have been played without prejudicing continental security in any way. Indeed, it might have been played in a way which would have increased continental security because, notwithstanding what the Minister of National Defence has said in this house, the United States and Canadian air defence commands at that time were very closely co-ordinated even in the absence of an agreement such as the NORAD agreement. We certainly were not standing alone at that time. This was the opportunity to have made our views known to the United States and to have laid down reasonable conditions which would have strengthened and maintained the Canadian position without interfering in any

way with legitimate demands for continental security which, of course, must always come first.

What should we have done on that occasion? I suggest that in the first place we should have pressed for the placing of NORAD under NATO command, for NORAD becoming part of the Atlantic effort, and as genuinely collective in that regard as SACEUR and SACLANT.

An hon. Member: You are a little late.

Mr. Pearson: The hon. member says we are a little late. This matter was brought to the attention of the House of Commons and to the attention of the public almost as soon as the NORAD agreement was published; and at that time, one and a half years ago, we suggested that the arrangements should be made part of NATO. I made reference to this matter not only in the House of Commons but also in the country before the house met.

The other thing which I suggest should have been done at that time is this. We should have linked the signing of the NORAD agreement with suitable and equitable arrangements for pooling defence production and developing defence resources. We know what happened. Those things were not considered at that time, or if they were considered nothing was done about them, and as a consequence of the signing of the NORAD agreement, desirable though it may have been in other respects, any subsequent room for manoeuvre in order to protect our Canadian position in continental defence was very greatly weakened.

Mr. Diefenbaker: Would the hon. gentleman allow a question? He has mentioned what the effect would have been if NORAD had been, as he suggested, made part of NATO. I am not going to discuss that question or agree with him for a moment in his contention in that regard, having already taken an opposite position. But I would ask him what possible benefit that would have had—even if he be correct in his conclusion—having regard to what happened in the signing of NORAD, in bringing together a stronger sense of joint production. Did we achieve anything in that direction when we joined NATO?

Mr. Pearson: The Prime Minister did not quite follow what I was saying. Perhaps hon. members opposite would permit me to make it clear. I showed the courtesy of permitting a question to be asked, and I hope hon. members opposite will show me the courtesy of allowing me to reply.

I said two things might have been done at that time. One was that we might have made NORAD a command of NATO. I said that without any reference to the pooling of defence production or the development of defence resources. I said that the second thing which might have been done at that time—and I am not relating this to NATO—was to have linked the NORAD agreement, irrespective of its relationship to NATO, with suitable arrangements for pooling defence production and developing defence resources. That was when we had the opportunity to bring these two things about.

Mr. Diefenbaker: Was the same opportunity not available when NATO was set up?

Mr. Pearson: I would remind the Prime Minister, though I am sure he does not need any reminder, that under the NATO pact, the tenth anniversary of which we shall be celebrating in a few weeks there were clauses designed to bring that about. Article 2 was one, and there are others. And at the first meeting of the NATO council a committee was set up to implement those clauses and put into effect the principle of balanced collective forces. But this was studied, and this was done, only in respect of the western European part of NATO defence, because the North Atlantic sector was not included in NATO at that time. Perhaps that should have been done when the commands were set up. In so far as it was not done the former government, naturally, takes its share of the responsibility. However, there was another opportunity when the United States expressed its wish to establish a North Atlantic defence command, and that was done—

Mr. Green: Would the hon. gentleman permit a question? Had his government not been negotiating with the United States about the setting up of NORAD, and had it done anything about this pooling of production?

Mr. Pearson: The hon. gentleman raises a perfectly fair question. It is usually put in the form, did you not agree to NORAD before 1957? This, as I have said more than once, was not the case, and I am on record as saying so at half a dozen places in *Hansard*. Consideration of the NORAD agreement in 1957 did not proceed to the point where the cabinet took any decision with regard to it. The matter was still under consideration by the departments most concerned. The Department of National Defence, I admit, had one view with regard to the advisability of signing this agreement at once. Other departments of government—and I can perhaps include myself as the head of one such department—felt that before such an agreement was signed, with all its far-reaching consequences, every implication should be studied, and one implication was the effect upon joint production and the development

of our resources. That was still under consideration when the government changed.

Mr. Diefenbaker: Is there any record of that view on your part?

Mr. Pearson: My hon. friend has the departmental records at his disposal, and I have some records of memoranda at my disposal. I can assure my hon. friend that if there had been unanimity in regard to this matter at the time, and if it had been discussed and decided not as it was later in 1957—at one or two cabinet meetings at the most, it would have been done; but the fact that it took so long to do it shows how seriously it was regarded by us as a change in Canadian defence and defence production policy.

What was the situation, then, in regard to the planning and development of the CF-105 when the new government took over? The Minister of National Defence has emphasized on more than one occasion that there was no immediate change and that the government decided to carry on, as the previous government had carried on, by reviewing the matter from time to time, I believe every six months or every year, and that that procedure, proceeding from stage to stage, would be carried on as of the summer of 1957.

The minister also informed us last week and indeed earlier that during the summer of 1957 some extremely significant changes took place in the strategic conditions which govern defence policy, and indeed that is undoubtedly the truth. There were three such changes that had a direct bearing, surely, on any government decision in regard to proceeding with or discontinuing the CF-105 contract. One of those changes which altered the whole world strategic picture was the firing by the Soviet union on August 27, 1957 of the first intercontinental ballistic missile. The other two changes both took place on October 4, 1957. One was the unveiling by the A. V. Roe Company of the first Arrow as a completed machine or, if you like, a going concern which made it possible in a way which was not possible before for the government to negotiate for its sale to other countries. The other change was perhaps the most far-reaching of all and it occurred, as I said, on the same day, October 4, the day the Arrow was unveiled in Toronto. On that same day the Soviet launched its first earth satellite.

The minister is quite right in stressing the importance of these developments, as he has done more than once, on the strategic picture in the world and indeed on the strategic picture in regard to our own defence policy and planning. Presumably the government took notice of these developments, but presumably also it decided at that time, in the autumn of 1957, to carry on for another year with the Arrow proceeding from stage to stage and reviewing the progress after each stage.

In view of what happened in the autumn of 1957 I suggest that was the time for the government to have come to certain decisions, not a year and a half later. In view of the fact the minister said only last week in this house that these developments represented very significant changes in the strategic scene, I suggest the government should have acted at that time. Those changes took place in the autumn of 1957, but it was not until February of 1959 that the government took definite if negative action with respect to our air defence planning which the minister argued the other day was required by, among other things, the changes I have just mentioned.

The minister will surely agree with me—and if he does not he will perhaps interrupt me and tell me—that the strategic situation as it developed following the changes I have mentioned made it quite clear, as he himself has already indicated, that the number of CF-105's needed would be far less than the 500 originally estimated as required for Canadian squadrons. If that was true it was bound to mean that there would be a very great increase in the cost of the CF-105 development unless we could sell some of these planes abroad. Therefore I ask what should the government have done in the autumn of 1957?

Surely the government should have tried to secure an order from the United States. Surely it should have endeavoured to secure a definite decision from the United States at that time as to whether or not an order was forthcoming, and in the light of what it learned from Washington then to decide before the end of 1957 whether it should gradually wind up the CF-105 project after working out alternative ways of using the productive facilities of the company, or whether it should go ahead and build the number required, which we later learned was 100, and during that period until completion, which we are now told would have taken to the summer of 1961, plan for the future use of these air production facilities.

Well, Mr. Speaker, the government did not do either of these two things in the autumn of 1957. The minister has told us that the first approach by a minister of the present government to the United States government for an order was not until September of 1958, about 10 months later. Indeed, at his press conference on television last Tuesday, February 24, the minister—and I quote from the record of that conference—had this to say:

It was only in December—

That is, December of 1958.

—that we got the final definite "no" when we were over in Paris that the United States would not take it.

By "it" the minister meant the Arrow, of course. He then went on to say:

I got the impression—

I emphasize that word "impression".

—when I went down to Washington in the fall—

That is the fall of 1958.

—that the United States were not interested in it and then at that conference of ministers in Paris I asked for a definite decision.

In other words the minister asked for a definite decision not in December of 1957 but in December of 1958.

Mr. Pearkes: The hon. gentleman invited me to interrupt, and perhaps I could do so at this point. If I could not get a definite decision in September of 1958, how could I get a definite decision in September of 1957?

Mr. Pearson: I do not know, Mr. Speaker.

Mr. Pearkes: Nor do I.

Some hon. Members: Oh, oh.

Mr. Pearson: But surely the minister, who is an experienced man in these matters, could have gone down to Washington in the autumn of 1957 and told the United States government, "If you cannot give us a definite decision one way or the other we will have to plan without taking your needs into consideration at all". Did the minister have to wait from June of 1957 until December of 1958 to find out from the United States whether or not they would buy the Arrow?

Mr. Pearkes: He did not wait that length of time.

Mr. Chevrier: What did he do?

Mr. Pearson: The dates speak for themselves.

Mr. Green: Would the hon. gentleman permit a question? Why did not your government see what it could do about selling Arrows to the United States before it got into this big program?

Mr. Pearson: That is an easy question, because it has been asked and answered before. As the Prime Minister and the Minister of National Defence have said, the minister of national defence of that time, almost as soon as the Arrow was in a stage of development that would make it possible to talk about, went down to Washington and received what the minister described the other day as an encouraging response. How could he sign up the United States or ask the government of that country for a definite decision negatively or affirmatively before the first Arrow had been completed? No government is going to buy a plane on the drawing board; but the plane had come off the drawing board on October 4, 1957.

Mr. Pearkes: Yes, but it had not flown.

Mr. Pearson: It flew in March of 1958. If the minister is the forceful military diplomat we know he is, surely there was time to find out after October of 1957 what were the intentions of the United States government in this matter.

Mr. Pearkes: May I answer that question? They were anxious to see performance in the air before they made a decision.

Mr. Pearson: It was March, 1958 when it performed in the air; but the government claims now that it acted wisely and it acted well in abandoning the Arrow in the middle of February, 1959, and in planning after the event what should be done to cushion the resulting dislocation and sudden and serious unemployment.

I suggest, Mr. Speaker, there is no possible justification for that kind of procedure, which is a sorry example of the lack of decision and lack of planning on the part of the government. Every argument the government now advances merely points up first that the government should have got that decision from the United States long before February, 1959. And if that decision had been negative, then the government should have made up its mind. If the decision it made was against putting the CF-105 in production, then the government, and not in the third week of February, should have planned alternative production policies and made orderly arrangements for change with the company, and incidentally saved the taxpayers millions and millions of dollars.

The fact is, Mr. Speaker, that we have the right to draw it to the attention of the house. The matter was allowed to drift and no final decisions were taken until February, 1959. During those months the government itself had not made up its own mind finally whether or not manned interceptors were considered to be essential in the light of the conditions as they developed. I refer the minister to his own statement in the House of Commons last January. I refer him, as I have referred him before—indeed, I have put them on the record—to his statements in the estimates committee in July, 1958, which undoubtedly encouraged the view that the CF-105 was to be continued; or, if it was not to be continued, that its place would be taken by some other manned interceptor and that Bomarcs were merely supplementary.

I think what has already been put on the record from this side has clearly shown that

this was the impression the government desired to create in the country. There is much additional evidence to confirm that view. The Minister of National Defence is reported in the Calgary *Herald* of January 18, 1958, over a year ago, as saying:

> I do not share the opinion that the Arrow will be obsolete before it is operational. When Russia stops building bombers it will be time for us to start thinking of some other defence.

Russia has not yet stopped building bombers. Somewhere along the line in the last 12 months there has been a change in government policy and attitude in regard to the value of manned interceptors, and particularly in regard to the value of the CF-105. But, Mr. Speaker, the government now says we did plan; that we did plan ahead. The Prime Minister told the house and the country that he told the company last September that the contract was over, and therefore the corporation is to blame for not minimizing the effect of that decision on employment or for making the necessary readjustments. Well, I have no brief for this particular corporation, but I suggest to the Prime Minister that this is a most unfair charge against the company in view of what actually happened.

The Prime Minister rests his case for the attack he made on the company not so much on the text of the September statement, to which reference has been made more than once, but on the interpretation given to that statement in press clippings. Well, I can produce as many clippings as the Prime Minister produced to show that other interpretations were given by other newspapers. But let us return to the text of the statement itself. I know it is ambiguous, All you have to do is read it to realize that it is ambiguous, but these particular words are not so ambiguous; and I quote from the statement:

> The government has decided that the development program for the Arrow aircraft and the Iroquois engine should be continued until next March—when the situation will be reviewed again in the light of all the existing circumstances at that time.

The Minister of National Defence confirmed that last Monday when he spoke in the House of Commons and on the same day the Prime Minister attempted to create, from his reading of newspaper clippings, the opposite impression. The minister said on that day, a week ago today, that permission had been given last September to extend the development for a further period to try out certain changes in the interests of economy. At the same time that statement was issued, or a day or so later, Mr. Gordon of the A. V. Roe Company had this to say, and I quote from his statement:

> We anticipate no change in the level of operations.

Mr. Diefenbaker: Where did he make that statement?

Mr. Pearson: The statement was made to the press. I ask the Prime Minister or any member of the government whether they questioned publicly or privately the validity of that kind of interpretation made by the president of the company.

Mr. Diefenbaker: What date was that?

Mr. Pearson: September 24. Indeed, Mr. Speaker, quite the contrary; because it was only after that kind of statement had been made that in November the minister gave a very encouraging interpretation to the September statement. I refer to the Minister of National Defence. The interpretation created the impression that there was no final decision. Indeed when at that time in November—I think it was the third week in November—he was asked by the press if the Arrow had been reprieved his reply in the press was:

> No, because there was no death sentence.

The Prime Minister said a week ago that there was a death sentence at the end in September, and the corporation should have known. The Minister of National Defence took a very different view a couple of months later. This is another example of confusion and contradiction, Mr. Speaker, in regard to important policies. But I suggest that even if there had been—let us admit for the purpose of argument that there had been—a clear and final notice of cancellation given to the company in September to take effect later, the position of the Prime Minister and the government in this matter is even worse; because in spite of that clear and final notice which they claim they gave, they ignored completely the A. V. Roe proposals for other projects and other work made last November. If the Prime Minister had indeed cancelled the contract, as he said he had, in September, it is utterly incomprehensible that those proposals made by the company should have been ignored by the Prime Minister or the government, especially in the light of that hidden report which we mentioned this afternoon of the air industries and transportation association, presented to the government as far back as September 2, 1957, which indicated some of the consequences to the air industry of developments that were occurring, and which was also ignored by the government.

Mr. Diefenbaker: Hidden report in the library.

Mr. Pearson: Hidden report in the library, that is right; in the library, where we were able to get access to it after the Prime Minister found it difficult to say whether or not it would be available.

Moreover, as one of my colleagues will show in detail in this debate, the procedure regarding cancellation of contracts embodied in government regulations left the company with no alternative but to act as they did on the abrupt notice that they received. They were told by telegram, "The contract is over." There was no other work that they had to perform except that under this contract for the government. Yet they were expected to continue operations when the contract had been taken away from them.

Where is the evidence of defence planning in this situation? If in fact the government had decided last September to cancel, consultations should have taken place at once with the representatives of the company to plan ahead, at the very least, to discuss the company's own proposals. We are not alone in questioning the wisdom of the procedure followed by the government in this matter. Apart from all the criticisms that have appeared in various Canadian newspapers regarding this procedure and the way this was done, perhaps I might quote a paragraph from the London *Times* of last Friday which had this to say:

> It has been known for six months that the Arrow would probably have to be dropped—

That is as far as the London *Times* goes.

> It has been known for six months that the Arrow would probably have to be dropped; what the friends of Canada would like to see is more evidence than has yet appeared that the government and the company have spent the interval in fruitful consultation on the best means of lessening the impact of the impending blow—and it is from the government that the initiative should be expected.

In the eyes of the government all the initiative in this matter was to have come from the corporation which had this contract cancelled without the kind of warning that we suggest should have been given. This is just further evidence to support our major indictment of the government that it refuses to face a problem until it becomes a crisis and then acts piecemeal and in panic. In this important matter that is the record, a record of inadequate and inefficient planning.

However, the decision has now been taken. Perhaps in the long run equally important, if not more important, is the question, where do we go now? On what concept and strategy is our defence policy now to be based? What is to be our relationship to the United States and also to NATO in regard to the implementation of this policy? Strategic conditions, the minister says, and he is right, have changed in the last few years. They have changed drastically. The missile has arrived. We are told that the Soviet union will be operational intercontinentally in this field of destruction and diplomatic pressure by the middle of this year. We are told that by a high officer of the pentagon in Washington.

So we are now in outer space with all of its implications for war and for peace. What then should be the defence policy, the defence planning, the defence production policy of a country in Canada's position in this new strategic era? Should we not at this time be reviewing our whole concept of defence planning? I hope that in this debate the government will throw some light on this vital question which is more than ever in our minds now that Canada has abandoned one sector of the defence front in so far as domestic production is concerned, that sector being the production of Canadian manned interceptors, and has changed to United States produced missiles.

Surely in the light of this change, with all of its implications, we should have a hard and long look at our air defence policy and Canada's part therein. What effect should this change and the reasons for it have on defence planning? Are manned interceptors now obsolete? Only a short time ago the government rejected this view but it seems now to agree with it. If the word "obsolete" was not used in the house a week ago the impression certainly was given that the CF-105 could not do the job now for which it was designed in the light of changed circumstances. If the CF-105 is obsolete, then all manned interceptors in service, about which we know anything at the present time, and especially the CF-100, must be considered obsolete. Yet the CF-100 is our only equipment in Canada at the present time in the field of manned interceptors.

What is the policy now? Surely the maintenance of the CF-100 which is obsolete—there can be no argument about that in the light of the weapons it might have to meet—and the introduction of the Bomarc represent not so much a change of policy as a makeshift expedient until a policy is worked out. Perhaps the Minister of National Defence (Mr. Pearkes) will have something to say about that. The minister made what I thought was a very important and rather strange statement the other day when he said in the house, as found on page 1283 of *Hansard* for February 23, that even if the CF-105 is ended—and it is now ended—and if the CF-100 is not adequate—and of course it is not adequate for the purposes for which it was designed—we can rely on the United States manned interceptor defence and provide additional facilities for them to operate, if necessary, over our country.

I ask the minister this question. Does that mean that we are going to give up our own

R.C.A.F. squadrons once the CF-100 is finished and we are not producing it any more, or what does it mean? Has this part of air defence by manned interceptors now been assigned to the United States air force operating, if necessary, as the minister put it, over our country, which I take it would mean operating from Canadian bases? If that is not the interpretation, if that is not the meaning, are we not moving in that direction? Is the role of the R.C.A.F., with CF-100's and not CF-105's now minor and secondary in continental defence to an extent greater than ever before, even though we all know that the R.C.A.F. will, as it always has, carry out whatever role it is given with skill and devotion?

There is another question which has a very direct bearing on this matter. Is any provision being made for the manufacture of these United States manned interceptors in Canada? If we are going to depend more and more on the United States for manned interceptors have we made arrangements or are we contemplating arrangements for these interceptors to be used in Canada to be manufactured in Canadian factories and give work to those production facilities which have now been rendered idle by the cancellation of the Arrow?

Then there is another question. What is our position in Canada with regard to missile defence development? Let me quote what the Minister of National Defence said the other night over the air ir a press conference. He said:

> I think we have got to get into that field—

That, Mr. Speaker, is the field of missiles.

> —and if we stay back too long we'll be left out.

Again, he said:

> We've got to get in on the ground floor . . . and use our scientists to help in planning.

Incidentally, with regard to the use of our scientists to help in planning, the current defence research estimates having to do with defence planning have undergone a very large reduction. But the minister said, "We have got to get in on the ground floor and use our scientists to help in planning." How are we going to use them? By planning for United States manufacture? It would appear so judging from recent developments.

Mr. Speaker, this is not a question of manned interceptors versus missiles and their relative value in the light of the threat they have to meet. Only experts can decide that matter. It is a question—and we have to decide it in this House of Commons—of Canada's role now that the decision has been taken to abandon the manufacture of our own manned interceptors and to introduce missiles and to store nuclear warheads for those missiles on Canadian territory under United States jurisdiction and custody, something which the Secretary of State for External Affairs (Mr. Smith) told the committee on external affairs last summer was not under consideration. There has obviously been a change in policy there.

The way in which these Bomarcs, and the Sage which goes with the Bomarcs or vice versa, are being introduced into continental air defence in Canada, appears to make us completely dependent on United States equipment, technology and supply. Surely it was not the intention of the Minister of National Defence in what he said over the air the other night to suggest that Canada was going to enter into the missile field in this way and surely that is not the way in which we should enter that field if we are going to enter it at all. These Bomarcs are made in the United States. They are being supplied to R.C.A.F. squadrons for Canadian use at Canadian stations which are under Canadian command and they are paid for by the United States. I refer to the equipment, the Bomarc itself. I suggest, as I have already stated in this house, that this is the first time in our history that we have accepted what we used to call in the war "lend-lease" from the United States. The Prime Minister (Mr. Diefenbaker) tries to dispose of the argument by saying that we are doing that, not only two-thirds to one-third, but we are letting the United States pay all the cost of the D.E.W. line and we are letting them.

Mr. Diefenbaker: Not "we are", that was arranged when you were in power.

Mr. Pearson: It was arranged when we were in office that the D.E.W. line should be built at United States expense. There was in the agreement a clause which reserved all our rights and sovereignty and which gave us the right at any time after two years to take over the D.E.W. line. The Prime Minister will remember that clause. The Prime Minister will also perhaps remember that he said a year ago, when the government came into office, that they found the situation with regard to sovereignty over the D.E.W. line stations and areas extremely unsatisfactory but that regulations were made which cleared that matter up so that any reservations which any members of the government had had have been removed and everything is fine. I asked him to table those regulations. I received them on Saturday, eight or nine months later. I was a little bit surprised because it did not seem to me to be such a big job to get these regulations together. I have read every one of those regulations

over the weekend. There has been no change in regard to the D.E.W. line which would justify the Prime Minister's statement that things were unsatisfactory when the government took over but they had made changes and fixed them up.

Mr. Diefenbaker: The results have been different.

Mr. Pearson: If the Prime Minister, now that he has placed all these documents on the table, can tell the house which document made this important change, perhaps he will do that when the occasion arises.

These Bomarcs are being supplied for the R.C.A.F. squadrons by the United States. R.C.A.F. squadrons are being supplied by United States' equipment. The D.E.W. line and the Pinetree line provide no parallel at all to this situation. As the Prime Minister has said, the D.E.W. line was a United States initiative, made at the request of the United States and with the approval and agreement of the Canadian government, after a formal agreement had been signed between the two governments. This is a United States development that we can take over if we want to do so. But that is surely not the same as a Canadian squadron on a Canadian base under Canadian command. So far as Pinetree line is concerned, some of the stations are manned and operated by the United States. Some are operated by Canada. It is a joint project. But surely there is no connection between an R.C.A.F. squadron armed with United States' equipment paid for by the United States taxpayers and the D.E.W. line, which is a United States line built, operated and maintained by the United States at its own expense but under Canadian control.

Mr. Blair Fraser, a distinguished journalist, in an article in *MacLean's* magazine not long ago had this to say:

> Canadians are proud that their country has never been in the United States free list.

We never were, Mr. Speaker—

Mr. Diefenbaker: And we are not now.

Mr. Pearson: —until this government decided that they would permit the United States to provide equipment for R.C.A.F. squadrons. I suggest that was humiliating and unnecessary.

Mr. Pearkes: I wonder whether the hon. gentleman would permit a question?

Mr. Pearson: Of course.

Mr. Pearkes: Does the hon. gentleman realize that on the Pinetree line there are certain stations where the equipment has been provided by the United States and those stations are manned by the R.C.A.F. What is the difference between that situation and the other one?

Mr. Pearson: I realize that. I have just told the minister that the Pinetree arrangement was a joint arrangement worked out as such between the two governments. Will the minister tell me of any previous occasion when the Canadian services had their equipment paid for by the United States?

Mr. Pearkes: I am telling the hon. gentleman right now. On a number of the Pinetree stations this fighting equipment or equipment ready to detect an enemy was paid for by the United States and is manned by the R.C.A.F. In other stations the equipment was paid for by Canada and is manned by the R.C.A.F. In some other stations it was paid for by the United States and is manned by the U.S.A.F.

Mr. Pearson: I know that. I know that the Pinetree line is a joint project between the two governments. I know that we have provided some equipment for the Americans and they have provided some equipment for us. But I am suggesting that this is the first time that any Canadian squadron of the R.C.A.F. has had its equipment provided for it by the United States.

Mr. Pearkes: I have just told the hon. gentleman that it has been provided in the Pinetree line.

Mr. Pearson: The minister will have a chance to speak later, Mr. Speaker. The minister must know that all during the war we managed to look after our own expenditures with regard to Canadian services activity and I say that we can do it in the future. The wheel has gone full circle. In 1912-13, the Conservative government of the day proposed to give dreadnoughts to the British fleet and opposed the Liberal policy of establishing a Canadian navy. In 1959 we received for R.C.A.F. squadrons missiles from the United States.

Will the government tell us something about their policy with regard to this missile development? These Bomarcs, whatever their effectiveness may be now—the Prime Minister merely says that the range of action, whatever it may be, is comparable to that of the CF-105—will undoubtedly soon be obsolete and will have to be replaced. Are we to continue to rely on the United States to provide, at United States expense, all the subsequent air defence missiles we require and pretend that it is a Canadian contribution? If not and if we avoid what I consider to be this mistake in the future by taking on the full financial responsibility for our own R.C.A.F. squadrons, may we not be

getting into a field that will turn out to be as expensive as the development of the CF-105?

If it is unwise to continue production of weapons which do not meet according to the government, our military requirements the alternative, the purchase—or even their receipt as a gift—of weapons in the United States which may soon be obsolete surely would be worse. The first at least provided employment and engineering development in Canada. But the second merely reinforces our dependence for production, technology and policy decisions on the United States. In puts us in the position of having to accept or refuse what the United States is going to make available to us. For manned interceptors our dependence on the United States is now absolute.

We are entitled to ask the question, is it to be the same for missiles in spite of the brave words of the Minister of National Defence the other night that we must enter into this missile field? Is the conclusion now inescapable that the continental air defence system is now under the control and organization of the United States for planning, for production and for operation? The production of the CF-100 is ended. The Astra and Sparrow projects have been terminated. The CF-105 has been abandoned; and the report of the Minister of Defence Production (Mr. O'Hurley) tabled last week in this house does not give us too much encouragement that we are going to participate in continental air defence production jointly with the United States except with regard to contracts which cover part of a greater United States effort. We have learned that there is very little to be hoped for from other NATO countries.

Therefore I ask the question, can we expect this Canadian segment of defence industry to expand, or even to survive, as an adjunct to a United States industry when it would be dependent on the consideration of the United States government or the generosity of the United States producers? How can the scientific and technological research, which the minister rightly thinks are essential, but the appropriations for which have been drastically cut this year, develop in Canada in such circumstances?

I suggest, Mr. Speaker, that these are all-important questions which should be answered in the course of this debate. I suggest that recent decisions of the government also make necessary an immediate and basic reappraisal of the whole defence situation to see what we can best do now in the changed circumstances to protect our national interests, while making our most effective Canadian contribution to the collective effort for security and peace. What about the radar detection and early warning system? Even in the present strategic position—I know the Minister of National Defence will agree with me on this—it could not be of more importance in so far as bombers are concerned. We must have an effective early warning system to give the retaliatory air forces of the United States strategic air command time to get off the ground and on their way to the enemy target. This after all is our strongest protection now against all-out assault, because it is our strongest deterrent.

Mr. Diefenbaker: Before the hon. gentleman goes on, what were the circumstances under which the government of which he was a member allowed the United States to have complete control of this strategic air command, having none in Canada of an equivalent nature in order to protect our country?

Mr. Pearson: That is not a very difficult question to answer, Mr. Speaker. The Prime Minister said, what was done when we were in power—

Mr. Diefenbaker: I asked what the circumstances were.

Mr. Pearson: —to prevent the strategic air command of the United States being solely under the command of the United States, and why did we not do something to build up, presumably, some kind of air command in Canada?

Mr. Diefenbaker: Within the limitations of our population.

Mr. Pearson: It would have been quite impossible, on financial and economic grounds at that time, for Canada to have gone into the field of strategic bombing. The Prime Minister himself said the other day that one of these bombers is now worth its weight in gold. Does he suggest we should do in this field what no other country on the western side has done, even the United Kingdom? Of course the strategic air command is under United States command exclusively, and we were well advised not to enter that field. But it would have been better if the strategic air command of the United States was also part of the Atlantic defence effort and under collective control.

Mr. Diefenbaker: May I ask the hon. gentleman this. He has given us an indication that we should be producing missiles in Canada. The more costly of them amounts to $35 million. Would he say that we are in a financial position in Canada to do that which he said we could not do in arming a strategic air command?

Mr. Pearson: That is another diversionary effort on the part of the Prime Minister, but it is an easy question to answer. In the first place, the Prime Minister when he reads *Hansard* tomorrow will discover that I did not say that missiles should be produced in Canada. It was the Minister of National Defence who said that. He said over the air to the people of Canada that we should enter the missile field.

Mr. Pearkes: I did not say we must produce them.

Mr. Pearson: That is exactly the question that I want the minister to clear up. He said we must get in on the ground floor in the missile field. I am asking whether this means that we are going to produce these missiles for Canadian use in the future. Does it mean that we will produce them for United States use and have them handed back to Canada, or does it mean that we should produce them under United States contracts and buy them back?

Mr. Pearkes: If you want an answer to that question, it is because it is the policy of this government to ensure there is sharing of production.

Mr. Pearson: Perhaps the minister will let us know in more detail what he means by "sharing of production"? I suggest to the Prime Minister that before we enter this missile field we had better be very careful that we are sure, in the first place, that the missiles we are taking over, which today are the Bomarcs, are effective; and secondly, that if we are going to buy the missiles from the United States or from Canadian production we should make sure what that means in terms of expenditure. I make the point again that if it were beyond our financial capacity to continue the manned interceptor effort represented by the CF-105, the Prime Minister had better inquire whether, if we take over the responsibility of having missiles in the future, it might not be even more expensive.

Mr. Diefenbaker: Does the hon. gentleman then admit that in so far as our joint defence with the United States is concerned, there are certain fields in which, by reason of finance, we cannot possibly equal the United States contribution and must place the responsibility on the United States to provide this defence?

Mr. Pearson: Yes, I agree entirely with that. As I said the other day, it is obvious that a country of 17 million cannot take over the responsibility for its defence unless it interprets that defence in a narrow sense: The defence of its own borders and that is all. I say that Canada has to take part in continental defence, and that is the best procedure for its own defence. In doing that there are certain things which the United States has to do which we cannot do, and we should not lose sight of that fact. I also said, in regard to the arming of those squadrons which we have in our own air force, that that is not beyond our financial capacity but is something we ought to do.

I was beginning to say that we should be careful before we get into this new field of missiles, which the Minister of National Defence said we must enter on the ground floor, so that we may learn about all its implications in terms of strategy and economy. Now, after this diversion, I am going to—

Mr. Diefenbaker: It was a 100 per cent diversion in this case.

Mr. Pearson: Yes; 100 per cent in terms of words, I admit. I am now going to turn to the question of the operation of the early warning lines, the importance of which as a protection or deterrent can hardly be overexaggerated in so far as the bomber threat is concerned, but which at the present time has no importance at all with regard to intercontinental ballistic missiles, which they tell us in Washington the Russians will have in operation in the middle of 1959. I am one of those who feels that if we can afford to take over activities on our own soil which are now being done by someone else—in this case the United States—we should do so. Therefore the question arises, which I have asked more than once: Should we so adjust our defence planning and defence policy to take over the operation of the D.E.W. line? What would that mean in terms of expenditure? Similarly, what would taking over the Pinetree line, or that part of it which is now operated by the United States mean, in terms of expenditure? There is a strong argument, I suggest, to the acceptance of Canadian responsibility here. I am quite sure that the government is not likely to do that, and they should not do it without finding out exactly what they are taking over. Perhaps the minister will be able to give us some information on that score, because we are told—when I say we are told, we are told from public sources—that the present D.E.W. line will soon be quite obsolete, even against the newest, most modern bombers; and in so far as intercontinental ballistic missiles are concerned it will only give a few minutes' warning.

Therefore, if we do decide to take over this line, would we be taking over what has been called an airborne Maginot line, which may have been essential and which was effective a couple of years ago—but a lot has happened in the nature of the threat to

this continent in the last two years. What has been the effect of these developments on the D.E.W. line and on the Pinetree line and what changes will be required in order to make the D.E.W. line effective to meet this threat? Some astronomical figures have been given out in Washington regarding the amount that would have to be spent to make this line effective. What are the implications for Canada in a situation which goes beyond the D.E.W. line and into an early warning system against the missile, with an anti-missile missile behind it?

Mr. Diefenbaker: Would the hon. gentleman permit a question? Would the hon. gentleman, in the event of the improvement of the D.E.W. line, have the United States make the entire contribution? What are his views in this regard because of the astronomical cost which he has mentioned as likely to be necessary to counteract its obsolescence?

Mr. Pearson: As I have tried to tell the Prime Minister before, if the alterations to the D.E.W. line are such that we can bear the cost within our borders, even if this might mean the readjustment of defence expenditures, then because this is an activity on Canadian soil we should bear that cost, if we can, to the greatest possible extent of our resources, but always on the understanding that we are not taking over something which has now become—so I have been informed in the past few months—practically obsolete. And if it is obsolete, and if the United States approaches the Canadian government with proposals to build a new kind of ballistic missile early warning system, what should be the Canadian part, if any, in that kind of development? If we are to play a part in this type of development, which would be on our own soil, must we withdraw from some other phase of continental air defence in order that we may meet this commitment and assume a special responsibility for it? Or is this anti-missile warning system, which, by the way, has the appropriate title of Bemuse, to be one of such a character and of such a magnitude—and I have seen figures mentioning billions of dollars—as would force us in this field to become an auxiliary of the United States effort? If that were true it would perhaps be better for us to withdraw from this ballistic missile early warning development and direct our resources to some form of defence which would be effective from a Canadian point of view as well as being effective from a collective point of view.

Mr. Pearkes: What would that be?

Mr. Pearson: I could think of a lot of things, but then we would have to go into the whole range of defence policy. We shall have a good opportunity to discuss these questions when the estimates of the minister's own department come up for consideration. For one thing, I should like to see the department's white paper before talking on the general aspects of defence, that white paper which he said last Friday could now be brought down because a decision had been taken with regard to the CF-105—or, rather, he said it could now be started. I am asking these questions with regard to the air defence of this country and of this continent in the hope that the government will be able to give us some of its views on this vitally important question which would remove some of the apprehension we feel on this side of the house, not only with regard to the nature of our defence effort in the light of the changed situation but also with regard to the relationship of that effort to continental defence and the United States.

Mr. Churchill: Why does the hon. gentleman not give us his views instead of just asking questions?

Mr. Pearson: That is very interesting. The hon. minister says: why don't you give us your views? I am asking a lot of questions in the hope that we may be able to obtain from the government information upon which to form views, I would remind him that the other day, when we put forward question after question to the Secretary of State for External Affairs, although he had 20 minutes in which to get up and give us some kind of answer he did not even wind up the debate in accordance with normal practice, and none of those questions were even considered. I am reminded that only one minister was in the house when we asked those questions. So perhaps the Minister of Trade and Commerce (Mr. Churchill) would stop parroting that played-out old phrase "what are you going to do".

In conclusion, I say that the questions I have put to the government are serious questions. None could be more serious. All these questions, and the situation which requires them to be asked in this house, reinforce our repeated request for a complete and comprehensive review of defence policy by a small group which could hear and question those experts who are now discussing these matters publicly almost daily. Perhaps never before in air defence history—and I will restrict it to air defence history—has such a review been more greatly needed. And if anything were needed to underline the necessity for this kind of review it has been the procedure adopted by the government in the past week in

respect of a most important aspect of defence policy and defence production.

Because of the way in which this matter has been handled by the government, and because of the procedures of confusion and delay which have been followed, I beg to move, seconded by the hon. member for Laurier (Mr. Chevrier):

> That all the words after the word "that" be deleted and the following be substituted therefor: this house regrets that the prolonged delay of the government in determining air defence policy and planning in co-operation with our allies is preventing the effective use of Canada's defence production facilities and manpower.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, at 2.30 this afternoon I was feeling in good spirits and good health. I am not quite certain how I feel at the moment. The whole issue is undoubtedly an important one, and I know it to be a most confusing one. The problems which must be resolved in order to arrive at an effective air defence policy are, indeed, vastly complex.

They are so complex that it is necessary almost to think in terms of social economy, the budget, industry, national theories and international theories in order to arrive at a conclusion which is most likely to lead to the achievement of what we all desire, namely the maintenance of peace and the satisfactory air defence of this country.

We all know that over the years Canada has been making very heavy defence expenditures. I think it is important that we should try to start at the very beginning and follow the situation through if we hope to arrive at any reasonable and logical conclusions. In view of the fact that we are spending hundreds of millions of dollars annually through the Department of National Defence and the Department of Defence Production it seems reasonable to ask ourselves this question: why are we making these expenditures? I think it is fair to say that our heavy defence expenditures are necessary only because of fear of aggression, to prevent aggression or to protect Canada as fully as possible in event of aggression. I believe it can be said that Canada is making these expenditures because of fear of a possible war.

If we concede that we make heavy expenditures for defence because of the fear of possible aggression then it seems only natural to consider what kind of aggression it is against which we are trying to defend ourselves. All present indications are that there can be only three types of aggression, either all out thermonuclear war, a limited nuclear war or a conventional war. It could only be one of the three.

Aggression in the form of an all out thermonuclear war can only come about either through a miscalculation or through desperation and would undoubtedly be mutual suicide for those concerned. As far as Canada's air defences are concerned we will surely all admit we have neither the knowledge, equipment or resources to defend ourselves in the event of an all out thermonuclear invasion. I believe we find ourselves in a similar position with respect to a limited nuclear invasion. It seems logical to conclude that a limited nuclear invasion would have almost as serious results for Canada as an all out thermonuclear invasion and indeed it would undoubtedly lead to an all out thermonuclear war.

In view of this situation there can be no question but that Canada finds itself in a most difficult and vulnerable position partly because of power politics as they are being played today. As has already been pointed out and as is in the knowledge of all our members Canada is a country that is small in population but large in territory. We must be factual and honest in assessing the situation. We in Canada would be in the position of being in a no-man's land, if I may use that term, should a conflict develop between the United States and the U.S.S.R.

I was interested in the brief remarks made by the Leader of the Opposition (Mr. Pearson) with reference to the relationship of Canada to NORAD and of NORAD to NATO. We reiterate what we said here a year ago when NORAD was under discussion, that in our estimation NORAD should have been part and parcel of NATO. There should have been full integration and full partnership. We are more than ever convinced of the correctness of our position at this time. I believe that had that policy been pursued a year ago Canada today would be in a far stronger position to go to the United States and discuss proper terms of relationship and partnership in the production of defence materials. It would not have been in the position of an under-populated country talking to a powerful neighbour nation; it would have the voice and authority of all the countries that make up the organization of NATO. We in this group feel a very serious mistake was made a year ago and we are beginning to learn some of the results today.

I was interested in hearing the Leader of the Opposition use the word "planning" as often as he did in the course of his remarks. I believe he was absolutely correct in emphasizing the need for planning with respect to our defence situation. The present condition that exists in our defence has come about as a result of a lack of planning. Because of a lack of economic, social and defence planning we find ourselves today in a predicament involving what almost amounts to the closing

down of factories and actual hardship imposed on thousands of workers who are now unemployed.

Of perhaps even greater significance—important as the other factors are—is the fact that the unplanned approach to the question of defence has resulted in confusion being confounded. An analysis of the statements made by the Prime Minister and other members of the government on the question of defence if put all together represent a highly contradictory series of statements and conclusions. One just cannot make any kind of sense from the type of information that is given to this house and the people of Canada with respect to defence in general and air defence in particular. We had an announcement on the part of the Prime Minister concerning the cancellation of the contract for the construction of the CF-105. The hon. gentleman made it clear time after time that the basic reason for the cancellation of the contract was that the threat of aggression by bombers had greatly lessened and that in view of the potential type of aggression possible today the CF-105 was completely obsolete and therefore, heartbreaking as it was, the government had to reach that conclusion.

If that statement was correct—and we had to accept the statement as being correct—what is the point of spending $350 million on the purchase of Bomarcs? As I understand it the Bomarc is no defence against an ICBM but is against the bomber. If the manned interceptor, even as up-to-date a manned interceptor as the CF-105, is no longer required because we will not have to face aggression by manned interceptors—using the Prime Minister's approach—then it is just as ridiculous to purchase Bomarcs because surely they are just as obsolete as the CF-105. Why cancel the expenditure of $400 million or $450 million which would provide work in Canada and instead spend $350 million in the United States on a weapon that is just as useless and obsolete as the Arrow is considered to be?

Mr. Pearkes: Where did you get those figures from?

Mr. Winch: It is not common sense; it is stupidity, and stupidity which is very serious for Canada.

Now, because of the repercussions to the Prime Minister's statement, he tries to put himself in a better position by placing the responsibility for all the heavy lay-offs on the Avro company itself. He made quite an effective speech here the other night. He went right back to the preliminary announcement of September and brought it up to date, to his own announcement, and then told the house and the people and the unemployed at Avro that the company knew there was another $100 million that it could spend. The company knew that there would be somewhere in the neighbourhood of three weeks dissociation or separation pay. Mr. Speaker, all I can say is that that was pure arrogance and pure nonsense, in view of the telegrams which were sent, and which were mentioned by the Leader of the Opposition, to the companies concerned. The telegrams were tabled, and, sir, there can be no question as to what the telegrams mean because they say:

> You shall cease all work immediately, terminate subcontract and orders, place no further subcontracts or orders and instruct all your subcontractors and suppliers to take similar action.

Then, in another telegram dealing with capital requirements we find the following:

> You are hereby authorized to cease immediately all purchasing or other acquisition and installation of the capital equipment listed in schedules "A", "B" and "C" to the CF-105 aircraft capital equipment agreement dated September 29, 1955, as amended, bearing references B.18-33-4540 and B.69-12-44. Take notice that the cost of any capital equipment purchased subsequent to the receipt by you of this notice shall not be subject to reimbursement under section 4 of the said agreement.

Mr. Speaker, I think I understand the English language fairly well. When you receive a telegram saying that you shall cease all work immediately, which the company did, for the Prime Minister to rise in his place and make the kind of statement he did, placing all responsibility on the company, is to display, as I said a few moments ago, arrogance and nonsense.

This decision could not have been arrived at on a few minutes notice. The government must have known not just weeks ahead but months ahead of the development of nuclear weapons and the fact that present weapons, if not obsolete, would have to be replaced with something new. Surely, that was the time to reach a decision in the way of planning so that in the event of any cancellation having to be brought about there would not be the disruption of a major industry in this country nor the unemployment of thousands of people in the country by the taking of action in the way in which it was by the government the other day.

But no such thing was done. Of course, the government is now trying to recover a little bit of lost ground and therefore it has reached some kind of agreement for the retention of a few men, an agreement which could have been arrived at the day before the announcement at least and not a few days after. We hope the Minister of Finance (Mr. Fleming) is correct in his hope that it will mean the re-employment and the holding together of a band of technicians,

perhaps in the number of 1,000, although I understand from the press that the union is afraid the number may not exceed 250. I hope the minister's estimate will turn out to be correct.

Mr. Fleming (Eglinton): I did not use that figure of 1,000.

Mr. Winch: We have to go beyond the situation which has developed because of the cancellation of the CF-105 and the purchase of the Bomarc to consider other angles where the defence air has to be cleared by the government.

As I mentioned before, it is not good enough for the Prime Minister to tell us that the CF-105 contract is cancelled because the manned interceptor is no longer of use and is obsolete, and he is going to buy the Bomarc which is obsolete except that it is not manned, and not explain the position and the decision of his government in relation to the other countries of the western powers. If it is correct that the day of the manned interceptor is gone and the manned interceptor is obsolete, then this house is entitled to know, if the decision of Canada is the correct one, why is it not the decision of the United States? If the decision is the correct one for Canada and the manned interceptor is no longer needed for continental defence, will the Prime Minister explain to us why in the budget introduced only two weeks ago in Great Britain they allocated hundreds of millions of pounds for new manned interceptors? If it is necessary there and our decision is correct, then why is it that West Germany has placed a contract for the renewal of parts and engines for their manned interceptors?

We hear a great deal of the dangers and the serious critical situation surrounding West Berlin. Canada has squadrons there equipped with the CF-100. Are we leaving them there with the CF-100? In the event of an attack are we leaving them there with something which is completely obsolete? These various things put together, just do not make sense, and at least I understand why the Leader of the Opposition asks so many questions. This confusion needs to be cleared away. It can only be cleared away by the contradictory statements being expunged and the house given information as to why various countries have differing policies.

We are all interested in the same thing, namely the maintenance of peace and the protection of our own country. I also feel that a few things must be said on the particular air defence situation in regard to Canada and our relation thereto with the United States.

According to the government's declaration, Canada is no longer going to produce manned interceptors. Moreover, we are no longer going to equip our squadrons with manned interceptors. We are not going to produce the new types of defensive weapons which modern defence makes absolutely essential. That can only mean, therefore, regardless of our interest in continental defence, that we are placing the main, if not the whole, responsibility on the United States. This means, whether the government likes the term or not, that because we are not in the major field of production any more, because we are not even going to produce the defensive armaments that we hope to have, because we are not going to be able to continue the work of scientific production in the greater fields of defence against nuclear or thermonuclear aggressive weapons, we have handed over a great part of Canadian sovereignty to the United States. This becomes of particular note when we remember the statement of the Prime Minister (Mr. Diefenbaker) that the retention, possession and control of all nuclear warheads will remain with the United States. There is something that has always puzzled me, especially in view of the statements made by cabinet ministers opposite that the threat now is the ICBM. I understand that these missiles will travel 12,000 to 15,000 miles per hour and have a range of 5,000 to 6,000 miles. That means that if we are going to be able to shoot them down we have to be mighty fast. Suppose we do have a retaliatory or defensive weapon. What are these ICBM's going to do? Are they going to remain motionless in the air until we can collect warheads from the United States wherever they may have them in order to shoot down ICBM's travelling 12,000 miles an hour?

The Minister of National Defence (Mr. Pearkes) was taken aback a little the other day when he was asked a question about a statement made by a Conservative member of parliament in Great Britain who used to be deputy commander of the NATO Atlantic fleet. That gentleman said that although he was second in command of the NATO fleet in 1952 he did not know where the atomic warheads were kept and if anything had happened to the supreme commander he would not have known what to do because he did not know where the warheads were and did not know who could tell him. I suppose he would have just waited until he found out where they were.

I think we are in a somewhat similar position in Canada. Even if somebody in Canada does know where the warheads are or will be, unless they are right where the defensive weapon is they are not going to

be of any use against an ICBM. It may be that for security reasons the government does not give us more information. But, as I said before, until the government does give us more information there is going to be a continuation of confounded confusion or confusion confounded. That is not fair to members of the house when they have to vote hundreds of millions of dollars for two departments because members of the house have a basic responsibility for Canadian defence policy and the question of where control lies.

There can be no question that we have to enter into a partnership in respect of continental defence but it is of the utmost importance that it be a true partnership, an honest partnership, a partnership on the basis that Canada is not just permitted but is expected and given every opportunity to collaborate and work on scientific projects and to produce not just a few small parts but to make a major contribution in the production of those things that will be used to mutual advantage in continental defence. It is absolutely essential for the maintenance of our economy and productive capacity and the maintenance of our scientific and technical personnel that such a true partnership should be brought about.

I have no hesitation in saying that the government should be most roundly and soundly condemned for taking the action they took the other day without at least having some definite agreement with the United States on these matters. Why, the situation was positively farcical. "Farcical" is the only word I can think of to describe it. We were told that the Minister of Defence Production (Mr. O'Hurley) would be making a major speech in which he would tell us all about the situation. But when he got up and made his speech, Mr. Speaker, it was not a matter of a balloon being pricked; there was just no balloon to prick. How he spoke with pride of the $1,700,000 contract obtained by one company to build a wing or some other part of the Bomarc missile.

Surely when the government was faced with having to make this most important and far-reaching announcement, which extends far beyond the laying off of 14,000 or 30,000 men, a statement which means a complete revision and alteration of Canada's whole defence policy, the government should have taken far greater strides and reached far greater objectives in negotiations with the United States on the question of production in Canada and the holding together of our scientific and technical personnel. From the inefficiency and ineptitude of the government it would almost appear that they had in the back of their minds the handing over of the sovereignty of Canada to the United States.

Mr. Churchill: Nonsense.

Mr. Green: That is silly.

Mr. Winch: Whether or not they like it, consciously or unconsciously, they have achieved that result. It is not just a question of Canadian pride. It is a matter of serious import to our economy, to our people and most of all to our defensive position. I have no hesitation in saying that the defensive position as it has been outlined by the government is simply that the government has no defence. If Canada has no defence, then let us be honest. If the government thinks it has been courageous so far in cancelling the CF-105, then let the government have the courage to come out and say that there is no defence. Let us then give a lead to the world in respect to disarmament because that is practically the position that the government has put Canada in at the present time.

We in this group agree completely with the position of the Leader of the Opposition that defence is of such importance and that the responsibility of each and every member in respect of defence is such that all members must have as much knowledge as possible without infringing on the realm of security, and that can best be done by a policy of setting up a permanent defence expenditures committee with the authority to investigate expenditures and to reach a realization and understanding of government policy.

I know there are many who want to take part in this debate and I will not detain the house any longer except to reiterate as I so often do—perhaps it is a mistake—the need for a lot more information from the government and to emphasize to the government that they have to remove the confusion by removing the contradictions for which they themselves are responsible. The people of Canada merit the confidence of the government and deserve to know whether their money is being well spent. However, because it is obvious from the position of the government that knowingly or unknowingly, consciously or unconsciously, they have placed Canada in the position of a United States satellite, in the position where Canada is the first line of defence of the United States and that country intends to use us in that way; because we think it is important that it should be made known to that great country that we want to be and are going to be a partner; because we feel that is not even mentioned or emphasized in any way in the amendment

moved by the Leader of the Opposition I should like to move, seconded by the hon. member for Skeena (Mr. Howard):

That the amendment be amended by changing the period at the end thereof to a comma and by adding the following words: "and is contributing to the erosion of Canadian sovereignty."

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I will deal first with one slightly unrelated remark which was made by the hon. member for Vancouver East (Mr. Winch). He said it did not make sense to him that the United Kingdom should be developing manned interceptors at this time while Canada was not going ahead with the development of the CF-105 or words to that effect. I think that is a correct interpretation of his remark. The reason is of course this. The great bulk of the Russian bomber force is made up of short-range bombers, sometimes referred to as medium bombers. These are not capable of travelling from Russia to the North American continent—Canada or the United States—turning around and going back again. However, they are quite capable of going from Russia to the United Kingdom. If the Russians wanted to start a war, surely they would use that type of bomber against targets which were within the range of that bomber. Therefore the United Kingdom, with their Royal Air Force, must be prepared to meet that threat. That is a threat which is not serious against this continent because the range of those medium bombers would not allow them to come and attack targets here but it does allow them to attack targets in the United Kingdom. I think that should answer the question raised by the hon. member for Vancouver East.

The leader of the Opposition (Mr. Pearson) raised a number of questions. I will endeavour to answer them in some form of sequence, but it is not easy to do so because they were not in a definite logical order as they were put to the government. First of all, he queried national defence policy. National defence policy is based on our external affairs policy and it goes back to 1950. In 1950, at the time the Korean war broke out, Canada and the other countries which had the same desire for peace and democracy, bound themselves together in a solemn covenant that they would stand united against any aggressor. We have adhered to that policy which, by the way, was initiated by the Liberal government. There has been no fundamental change in that policy since the change of government. We believe it is imperative that we stand together with the other countries in what has now become known as the North Atlantic Treaty Organization and that we recognize as a solemn obligation the agreement that, if any one of them are attacked by an aggressor, the attack will be met by the combined effort of all NATO countries. That is the fundamental policy behind our endeavour to give peace and security not only to this country but to the rest of the world.

Now a word as to the application of that policy. The plan for the application of that policy has been drawn up by commanders from the different countries meeting together as an advisory council. The policy of NATO is to provide, first of all, a shield which is partly in Europe and partly on this North America continent, in order to protect, first of all, those powers of retaliation which are the second half of the NATO defence concept; second to gain sufficient warning in Europe or on this continent to make quite certain that any advances made by the aggressor are of sufficient strength to warrant the full response of our retaliatory forces; and third, as far as Europe is concerned, if possible to delay the advances of any ground forces so that the countries of western Europe are not overrun. I think you might say that these are the main duties of the shield element of NATO.

As to the strike-back element or the powers of retaliation, they consist of the United States bombers, the British bomber force of the R.A.F. and also such missiles as may be in location in Europe at the present time. That is the force of retaliation. I suggest to you, Mr. Speaker, that this policy has held good and has prevented war for the last ten years and more. The proof of the soundness of this NATO policy is the peace which the western world has enjoyed all during this time. When people ask you what you have to show for these enormous expenditures on national defence, the answer is that you have enjoyed peace ever since NATO has been formed and that no territory has been taken away from any NATO country since it was formed. To support NATO in a balanced organization is the defence policy of this government and it will continue to be the defence policy of this government.

When NATO was first set up it was decided that there should be an integrated balanced force, not each country having a little balanced force of its own but a balance of the collective countries of NATO, each country contributing to that integrated or balanced force the particular type of weapons or manpower which that country with its resources could give and which was dictated by the element of geography. So we see now an attempt which has been growing, getting stronger and more closely co-ordinated every

year, leading to an integrated balanced force available for the defence of the western world.

We have to keep adjusting the type of forces which we are providing and the type of assistance which we are giving to the western world. We have to adjust the help which we are giving in other channels, not only that related to armed forces but also in the channels of diplomacy and our contribution to the welfare of underdeveloped countries. All of those things are part of the deterrent; they are part of the effort being made to prevent the spread of communism.

Periodically we have to consider the changes which have to be made in our approach to this problem in the type of weapons which we are providing, the numbers of troops which we may have available for any particular task. I do suggest to you, Mr. Speaker, that we are living today in an era of extremely rapid advances in science and technology. I am not ashamed to say that some of the programs which appeared to have great merit only twelve months ago no longer have the same importance of urgency in view of progress made on more technically advanced projects. We have to review the situation continually. Continually we are trying to see where the threat lies and what are the best means to counter that threat. Science is not standing still. Science is producing innumerable new developments, and the armed forces must adjust their programs and equipment to the advances made by science. It is so easy to have said twelve months ago, "You should have done this", or "You should not have done that". If we were planning against an enemy who was kind enough to inform us exactly what was in the inventory of his armament, it would be very much easier than trying to guess what a possible aggressor might do when the means of obtaining information are extremely limited and are not available immediately there is any change in the would-be aggressor's plan of armament and organization of his forces.

I therefore suggest that it is no discredit to any government if they are cautious at times and want to be perfectly certain before they take some particular line of action, and if they try to be as near certain as possible that that action is right. When this Avro Arrow program was started, I mentioned the other day that the Right Hon. C. D. Howe said it made him shudder that it was expected he would have to spend possibly $100 million, as he put it, "of other people's money". It is no easy responsibility to shoulder when instead of $100 million you are faced with the possibility of having to spend on one single project $781 million of other people's money, who will hold this government responsible if that money is not wisely spent.

Furthermore, Mr. Speaker, the government is charged with the responsibility of providing the best defence it can, within the limitations of the money that is available without ruining the economy of this country, so that the people of our country can live in peace and security. If we let our armour down we would be blamed. There probably would not be very many people left to blame, but it is a responsibility which we have to face, and we are conscious of that day in and day out. You are not going to discard some particular form of development which only a few months ago looked to be a very encouraging and worthwhile project to pursue.

In 1957 we assumed office, in June, without the knowledge which had been accumulated in the years before. We had to take advice from the service chiefs who had studied this problem continually, and they were then of the opinion that we should still go ahead with the development of the Avro Arrow. After the government had been in power only a few short months we made the decision to go ahead with the development of the Avro Arrow for one more year. That recommendation was made with the advice of the service chiefs. The same men, with one exception, are our chiefs of staff today. They had the courage, when new light was brought on a possible threat, to change their recommendation in this respect. They had the courage to advise the government that the nature of the threat had changed, that they had consulted with their opposite numbers in other countries and were convinced that there was a change in the degree of the threat. That recommendation was given only late last year.

There has been some suggestion to this effect: "Why did you not go to the United States as soon as you were elected to office and tell them that they had to buy the Avro Arrow?"

Mr. Pearson: No one ever said that.

Mr. Pearkes: "You have to buy the Avro Arrow", as the Leader of the Opposition indicated, "or else".

Mr. Chevrier: He did not say that.

Mr. Pearkes: He did not use those words, but that was exactly the intent of his remarks. He was indicating that I should have gone down to Washington in the summer of 1957 and said to the United States, "If you do not take the Avro Arrow we shall discontinue it."

Mr. Pearson: Mr. Speaker, the minister has quoted me and therefore I am entitled to say that what he is quoting is quite inaccurate. If he reads what I said in *Hansard* he

will see that I said that after the changes in the autumn of 1957 he should have gone down to Washington and found out the intentions of the United States government in respect of the purchase of Canadian Arrows.

Mr. Pearkes: The hon. gentleman went a little further than that, but that is good enough. I should have gone down there and found out the intention of the United States regarding the Arrow. Well, if the Americans do not want to tell me, I do not know how I am going to drag it out of them, and if the Americans have not made up even their own minds I do not know how the hon. gentleman expects me to read their minds.

In the fall of 1957 the Avro Arrow had just come out of the work shops. One of these Avro Arrows was available for inspection on the runway. It did not come out under its own power; it was dragged out on a tractor. There were United States officers present, and they were very impressed with the look of the Avro Arrow; I understand they reported back to their superiors in Washington that the Arrow had great promise. And in the fall of 1957 there was very little change in the United States attitude toward this machine which had been indicated to my predecessor, the Hon. Ralph Campney, when he went down to Washington and when he was given encouragement to go ahead with the Avro Arrow, no commitment being made. And we were given encouragement to go ahead with the Arrow in 1957 because the United States thought it might be the answer and they might have to adopt this aircraft. I went down in the fall of 1958, and by that time the opinion of senior officers of the United States air force was changing, and they were becoming doubtful.

In Paris, as I said, I got an indication that the United States was no longer considering any possibility of adopting the Arrow, but it was not a firm decision at that time, and no firm negative was expressed. It was not until December of last year when we were in conference at a meeting of the two groups of ministers that they said once and for all that they would not take the Avro Arrow. It is so easy to think that everything is black and white and that one can go down and talk with a group of statesmen from another country and get a definite yes or no on the very first visit, before they have even made up their own minds.

Mr. Hellyer: Would the hon. minister permit a question? In what month of the fall of last year did he go to Washington and get the opinion that the United States was becoming less interested than they had been previously?

[Mr. Pearson.]

Mr. Pearkes: I think it was in September. And that was only an indication. I want to stress the fact that no final answer was given. That is borne out by the reply which was given to us in Paris, which was something like this—that the minister's assumptions were correct.

Mr. Pearson: If there was no final decision from the United States in December, how then does the minister justify the alleged decision which was taken by the government not to reach a final decision with regard to the cancellation of the Arrow before that time?

Mr. Pearkes: In September there was, as I said, an indication that the United States would not take it. That indication, or that assumption on my part, was confirmed in December at the Paris conference. It was clear enough in my mind, although it had not been formally stated; it was clear from conversations I had had with various air force officers and others that it was very unlikely at that time that the United States would proceed with the Arrow. Hon. members must remember that it was only a week ago that we received a final and definite note from the United Kingdom on this matter.

During all these months we had been approaching officials, governments and ministers both in the United States and in the United Kingdom to see whether there was any possibility of interesting them, or any other of our NATO partners, in the CF-105. I think it is clear, therefore, that we were making efforts to interest other countries in this project, and that until the fall of last year it was impossible for this government to have made any decision about the continuance of the Arrow. It was about the same time that this government, the government of the United Kingdom and the government of the United States were able to reassess the threat which they considered would most likely come from any aggressor.

What is that threat? As I said in answer to a question by the hon. member for Vancouver East, the threat to the United Kingdom is still considered to be a threat by manned bombers as well as by missiles, the reason being, as I said earlier, because of the range of the majority of the manned bombers in the soviet armament inventory.

Now with regard to the threat to Canada. In the past, as I said last week, we had anticipated a big build up of Russian long range bombers capable of attacking targets on this continent and returning to airfields inside the Soviet union. That threat does not appear to have materialized, and according to the best information that it is possible to secure

it is thought that the Russians are not building up long range bomber fleets but are turning their effort into that of producing missiles rather than bombers. Hon. gentlemen opposite have asked why, if we are going in for Bomarcs, the United States and ourselves are still keeping in operation such interceptor aircraft as the CF-100, the F-101, the F-104 and the F-106 in the United States air force. The reason is that for the next few years if the Russians intended to attack this continent it is reasonable to think that they would put into operation the intercontinental missiles which they have, and that they would also, in all probability, put into operation such of their bombers as they might be able to spare for targets better within the range of the bombers that they possess. So we believe we had better keep a defence against these bombers which might be used against this continent although they would not be considered as the main arm of the aggressor. They might well come over and take on secondary targets or targets which had escaped attack by missiles. Therefore, it is surely wise to keep a certain number of interceptor squadrons for that purpose.

The United States is reported in the press as having some 70 squadrons of supersonic interceptors available for the defence of the North American continent. We have 9 squadrons of the CF-100. People ask the question whether the CF-100 and the Bomarc are obsolete. They are not obsolete as long as the Russian bombers exist. The moment the Russians scrap their bombers they will become obsolete. The moment the Russians place their whole dependence upon the missile attack then the Bomarc and the manned interceptor will become obsolete but as long as there is a bomber in the Russian air force which is capable of coming to this continent and back, or is capable of coming to this continent and being scrapped here we should still keep our interceptors in the form of our CF-100s which are quite capable of dealing with the majority of Russian bombers.

The interceptor squadrons of the United States air force, some of them being supersonic, are of course in a more advanced stage of development than our own CF-100. That is one of the advantages that flows from entering into an alliance or an agreement to produce balanced forces. All countries do not have to have equipment which is produced to meet the threat at exactly the same time.

A couple of years ago when the CF-100 was coming into operation Canada had the best all-weather interceptor on the North American continent. The United States did not have as good an aircraft as we had. The United States has caught up for the time being and they have an interceptor and a means of intercepting Russian bombers superior to the CF-100. In the NORAD agreement about which some remarks were made this afternoon it is written that the squadrons of either side may for a short period or may temporarily move across the boundary and in order to facilitate that there will be certain developments made at some of our air fields particularly in western Canada where we have no defence provided by the R.C.A.F. It is outside of the range of the CF-100 or the CF-105 and so we rely today upon squadrons of United States air force to provide protection against enemy bombers over a large portion of Canada. I hope that clears up the question of obsolescence. The CF-100 will become obsolete when the Russians remove their bombers from the inventory they have.

We are being accused of having taken no action since last September to find some alternatives for the workmen at the Avro plant. I should like to give hon. members an idea of some of the missions which have been carried out since September not only by the R.C.A.F. but by the Royal Canadian Navy and the army in order to interest the United States in placing some work in Canadian plants.

We have a requirement for new aircraft for the search and rescue operations which are carried out here in Canada. As hon. members well know the R.C.A.F. have to carry out search and rescue operations in all parts of our country, on the oceans and up in the north country. It seemed there might be a possibility of getting some United States firm which had airplanes that could be used to enter into an agreement with the Avro company to see whether they would let us operate under license and build some of those aircraft that will be needed in the near future. Very soon after the September announcement a team of R.C.A.F. officers was sent to the Grumman Aircraft Company at Long Island, New York, to evaluate the SA16B, a seaplane, to see if it could be used for that purpose. This occurred on October 30 and November 1. Then we considered the possibility of getting some work done for our transport command. On November 24 and December 5 we sent a team of R.C.A.F. officers down to the Lockheed Aircraft Company in Georgia to investigate the possibility of having some work done in Toronto with respect to the C130B aircraft.

Another problem we have before us is the possibility of having to replace the Sabres of our air division, the F-86. Between December 7 and 20 teams went down to the

Edwards, Eglin and the Tyndall air force bases in the United States to get what information they could as to the MA-1 integrated electronics system in the F-106 and the MG-13 FCS in the 101B aircraft with the idea of seeing if they could be introduced.

Again between December 1 and December 4, another team went to the Grumman Aircraft Corporation at Bethpage, New York to investigate the technical and operational characteristics of the F11F-1F Super Tiger, which is one of the many planes we are investigating and examining to see if it would be suitable for replacing the F-86 in Europe and which if it is found suitable may be built in Canada. All this information was passed to the Avro company as soon as it was obtained. In fact, in many cases representatives of that company as well as representatives of the Department of Defence Production accompanied the R.C.A.F. officers.

On January 6 of this year a team visited the Northrop Aircraft International Company at Hawthorne, California, for the purpose of examining an aircraft and engine that might be used. Again on January 7 and 8 and on January 13 of this year a team visited Autonetics Incorporated at Downey, California, for the purpose of investigating the NASSAR radar system.

On the 6th, 7th, 9th and 17th another team went to the Northrop Aircraft International Company at Hawthorne, California also to make further inquiries. On the 14th and 16th of January yet another team went to the Lockheed Aircraft Company at Burbank, California. On the 19th to the 21st they went to St. Louis in Missouri. On the 19th to the 20th another team went to the Republic Aircraft Company at Farmingdale in New York. On the 12th to the 14th they went to investigate the Blackburn General Aircraft Company in Yorkshire, England, to see whether their aircraft could be manufactured here in this country and to see whether that aircraft was suitable. I might say that I interviewed the president of that company right here in Ottawa when he was visiting Canada about six weeks ago.

Again in February they went to Edinburgh in Scotland to see the Ferranti Electric Company. And again on the 17th of February they went back to the Blackburn people. These are some of the steps that we have been taking to see what can be done in connection with finding work for the employees at the Avro plant.

Further than that, we have had teams considering the Bomarc installations and how much of the Bomarc missiles and launching equipment could be made in Canada. They started on October 22 and have been continuing ever since. We have had teams down to Dayton investigating the production sharing as far as the Wright-Patterson Company is concerned. On October 30 and 31 they were at Rome in New York investigating the possibility of having the SAGE computers and equipment made here. I could go on. I have not come to the end of the list by any manner of means.

Mr. Churchill: Put it on the record.

Mr. Pearkes: During November 13 and 14 and again from the 16th to the 20th of February a team went to the Eglin field to the Bomarc test sites. I went down there myself earlier—it was before Christmas—in order to see and interview the manufacturers there. I met the Boeing people down at the Eglin field and I discussed with them—I have not got the exact date but it was before Christmas—the possibility of manufacturing Boeings here. A staff representative was sent down to meet me from Mr. McElroy's office in that connection. Furthermore, the joint planning staff has met on two occasions to consider what can be done in order to share the production of this sort of work. This deals with some of the main endeavours which have been made by the Royal Canadian Air Force.

The Royal Canadian Navy has been carrying out a similar line of investigations in order to see whether there is any work which could be found in their particular line of electronics, both in the United Kingdom and in the United States, which could be placed in Canada. They have been to the Portsmouth naval yard in the United States; they have been to the General Electric at Lynn, Massachusetts; they have been to the Breck Aircraft Company at Wichita, Kansas; they have been to the Lycoming Company, Connecticut; they have been to Bayonne, New Jersey; they have been to the United Kingdom, to Germany, to France, and to Sweden in order to evaluate the missiles systems in those countries and to see whether it would not be possible for them to manufacture some of their missiles in this country. They have been to the Damneck Company in Virginia; they have been to firms in the New York area. I could go on and tell exactly the same story in connection with the army.

I have here a list of places where the army has been investigating the missile development of the United States army, always with the intent to see whether it is not possible for some of that work to be placed in the Avro plant. Every one of those missions which I have mentioned has taken place since the announcement of last September, and then hon. gentlemen across the way say that the

government has been doing nothing to try to find work for this company.

I might put on the record some of the results of those endeavours so far as defence production is concerned. I see in the report of the Department of Defence Production from January 1 to December 31, 1957, under table 6B, page 52, the value of expenditures by the United States government in defence contracts placed in Canada through the Canadian Commercial Corporation and Defence Construction Limited in 1956, was $43,447,000. Practically the same amount was spent by the United States in Canada during 1947, namely $42,970,000. In a report that I received from the Department of Defence Production at the end of last week I was advised that the total cost of United States prime contracts placed in Canada during the calendar year 1958, consisted of the following figures: For construction, $25,600,000; equipment, $32,300,000; services, $7,600,000; or a total of $65,500,000. I think this is an indication that the efforts which have been made in order to share the production of equipment between Canada and the United States are bearing fruit.

Mr. Pearson: Will the minister permit a question? Can he tell us what proportion of those figures represented expenditures in Canada by the United States and for United States activities in Canada?

Mr. Pearkes: These figures are United States contracts placed in Canada for—I think I am correct in saying this—United States requirements.

Mr. Pickersgill: Including construction?

Mr. Pearson: Bases, and so on?

Mr. Pearkes: I gave the figure for construction; it was $25 million. As I said, this is an indication of the results of the efforts which are being made to interest the United States in the sharing of production costs.

I think it is well to recall how this sharing of production started. You will remember that a few days after sputnik was launched in 1957 the Right Hon. Harold Macmillan, Prime Minister of the United Kingdom, visited Washington and discussed with the President of the United States what they were going to do to meet the new threat. They declared then their new intent of combined co-operation. Their statement has frequently been referred to as the declaration of interdependence. That declaration of interdependence has also been shared with Canada.

You will recall that after Mr. Macmillan visited the President of the United States he came to Ottawa and consulted with our own Prime Minister (Mr. Diefenbaker). Emphasis was laid then on the importance of interdependence, not only interdependence in the use of weapons but interpendence of production. A very few days later Mr. Dulles came to Ottawa and had further discussions along these lines. As a result a committee was set up consisting of three ministers of the crown from Canada and three ministers from the United States. Our respective departments have been in constant touch with the corresponding departments not only in the United States but also in the United Kingdom.

As far as the United Kingdom is concerned, it may be of interest to hon. members to know that within the last few weeks contracts for the "43" torpedo—that is not the number but the type—have been placed in Canada. The United Kingdom government is not only buying torpedoes from us but is also buying sonic equipment for underwater listening. These are indications that not only are the United Kingdom and Canada anxious to work toward the principle of interdependence but the United States is also working in the same direction. Some of the figures I have given today are indicative that progress is being made, and we have firm assurance from the government of the United States that it is their intent to work toward the development of the policy of interdependence in production.

The Leader of the Opposition asked whether we could take over the D.E.W. line. The D.E.W. line was built by the United States at a cost of some $400 million and the United States let on tender the administration of the D.E.W. line involving the maintenance of all equipment at the primary and secondary stations. I believe that somewhere in the neighbourhood of 800 civilians are employed in that work and the great majority of them are Canadians. It is a civilian contract. I have not official figures from the United States but I have seen in the newspapers, and I believe the figure is reasonably accurate, that the amount of the contract to maintain the D.E.W. line is somewhere between $30 million and $40 million annually. We could take over and let a contract to a Canadian company for the administration of the D.E.W. line. It would cost us between $30 million and $40 million annually, but as approximately 90 per cent of the employees are Canadian one might query whether that would be a good move.

But we are doing more than merely taking over control of the control centres. The Department of Transport is considering, and I think progress is being made, the taking over of the administration and operation of some of the airfields on the D.E.W. line. Thus we

are gradually assuming more of the administrative costs as well as the costs of the control of that line.

A question was asked about the cost of taking over the Pinetree line. At the present time plans are under way to extend the Pinetree line farther north so as to make it more effective. Some seven new major Pinetree stations will be constructed, five in western Canada and two in northern Ontario and Quebec. When constructed, all these stations will be manned by the R.C.A.F., not by United States personnel. There will be no more manning of Pinetree stations by United States personnel. As was mentioned earlier today, the Pinetree line was built on a cost sharing basis, two-thirds and one-third, between the United States and Canada, with Canada paying one-third. Some of these stations were built and are manned today by United States personnel. Some were built with United States money and are manned today by R.C.A.F. personnel. Other stations were built with Canadian money and are manned by R.C.A.F. personnel. In the last two years we have taken over some installations which were previously manned by United States service personnel but are now manned by Canadian personnel. I cannot give the actual figures of the cost of manning these lines although I may be able to get that information later this evening.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Pearkes: Mr. Speaker, before the house rose for the dinner recess, the Leader of the Opposition had asked for information with regard to the cost of the Pinetree system. As I explained, the Pinetree system is shared by the United States and by Canada, some of the stations being operated by Canadians and some being operated by the Americans. The cost to Canada of operating each year is approximately $28 million; that is the cost of operating those Pinetree stations which were either built by Canada and manned by R.C.A.F. personnel or were built by the United States and manned by R.C.A.F. personnel. The cost to the United States is approximately $43 million for operating their stations. That figure of $43 million includes some $5 million which the United States are spending on purchasing equipment for those stations in Canada.

Hence if Canada were to take over the operation of the line in its entirety it would mean the addition of $43 million to our defence budget at the present time. I put in that qualification "at the present time" because additional equipment is being provided for these radar stations in order that their range and control may be improved. There are always advancing techniques in this field of electronics. If we are to keep up to date and if we are to increase the scope of these radar stations we must put in the additional and new equipment.

Questions were asked with regard to the D.E.W. line and I made some reference to the extent to which Canada was assuming more responsibility for the administration as well as the operation of D.E.W. line stations. In order to round off that part of the statement I had made I think it might be of interest to hon. members who had made inquiries about this development if I were to state that the Department of Transport plans to take over the administration and operation of some seven air fields on the D.E.W. line. This taking over will not be done overnight, but in two or three years' time I hope that we shall be operating those stations.

One of the biggest difficulties that has existed for those people who wished to go into the Canadian Arctic and to utilize such facilities as have existed in the past at the D.E.W. line air fields has been the lack of accommodation. Naturally when the Federal Electric Company, which is carrying out the administration of the D.E.W. line, established their stations it was agreed that they would not be required to provide unlimited accommodation for those persons who for other purposes than those connected with the D.E.W. line might be visiting the north. As there has been in recent months a phenomenal interest shown in our Canadian Arctic more and more people may be expected to move into those far northern regions. Therefore the Department of Northern Affairs and National Resources are making plans to construct accommodation at the principal D.E.W. line stations so that Canadians who are visiting the Arctic will no longer be required to obtain accommodation in the quarters of the Federal Electric Company. That accommodation will be a great convenience to the many prospectors, engineers and scientists of oil companies and so on who are developing the potential wealth of those Arctic islands. Hence we have the Department of Transport and the Department of Northern Affairs and National Resources both co-operating in, may I say, the maintenance of Canadian sovereignty in the far north. Everywhere you go at all these stations on the D.E.W. line you now see the scarlet coat of the Royal Canadian Mounted Police.

The hon. member for Vancouver East, in moving his subamendment, made some extraordinary statements with regard to the cost of equipment. He compared the cost of the equipment that might have been required for the CF-100 with that of the Bomarc.

Mr. Winch: The CF-105.

Mr. Pearkes: May I give the actual figures of the cost. If we had gone ahead, as I said last week, with the development of the CF-105—the Avro Arrow—100 of these aircraft would have cost us $781 million and they would have been providing interceptor security between North Bay and Bagotville, over this part of Canada's industry, over the approaches to the great industrial centres and a certain number of SAC bomber stations in the eastern states. As hon. members know, we are establishing two Bomarc squadrons, one in the immediate vicinity of North Bay and the other north of the area between Ottawa and Montreal. The cost of those two Bomarc squadrons, with their missiles, is in the neighbourhood of $100 million, of which Canada is providing $20 million. Hence Canada is paying a premium of $20 million as opposed to the premium she would have had to pay for similar security of $781 million. The figures quoted by the hon. member for Vancouver East were therefore not accurate. I am afraid that he was confused with the ground environment establishments which are required. However, they are required for the Bomarc and would have been required on exactly the same scale for the CF-105.

Reference was also made to a small contract which had been obtained to provide parts for the Bomarc here in Canada. A figure of approximately $1.5 million was quoted. Of course, that is only one of three contracts which have already been let. One contract is for engineering assistance amounting to $2.4 million. There is a contract for wings and other parts of $1.7 million, to which the hon. member referred, and there is a third contract for communications equipment for the Bomarc for $1.6 million, making a total of $5.7 million.

Mr. Winch: May I ask the hon. minister a question before he gets away from the subject of the Bomarc. He stated that there are two locations for the Bomarc, both between Ottawa and the east. May I ask the hon. minister what is the Bomarc defence from Ottawa to the Pacific ocean?

Mr. Pearkes: I said that one squadron would be north of the line Ottawa-Montreal and the other would be at North Bay. West of that there are no squadrons planned at the present time, but by the extension of our radar system further north the Bomarc squadrons which are planned by the United States air force will be able, on account of the coverage given by our more northern radar stations, to cover practically all the populated districts in that area.

I think the figures which I gave of the missions which have been carried out by the air force and the navy are indicative of the help that the services have endeavoured to give to the Avro company in order to provide additional projects which perhaps that company might be able to undertake. They are also indicative, I hope, of the forward-looking policy of the services in trying to obtain the latest information both from the United Kingdom and the United States of developments in the more modern equipments. It is also a furtherance of the policy of interdependence between our three countries in the sharing not only of cost but of defence production.

I did not give any details regarding the army. The army is carrying out exactly the same policy, and between the end of September and December of last year they had seven different teams which had visited plants in the United Kingdom and the United States making inquiries into the system of missile development. In the United States army, as hon. members will realize, each of the three services has an organization which is concerned with the development of missiles. Our armed forces are keeping in touch with all the developments which are taking place there.

In conclusion, Mr. Speaker, I would like to refute emphatically the suggestion that defence policy is muddled and confused. I recall the fact that only last week a similar amendment was moved in the House of Commons in Westminster, and there the opposition also accused the government of not having any defence policy. Our defence policy is based on the recommendations which are made by the chiefs of staff of our armed forces, and I would like to say here that there is no group of officers more loyal than those who comprise our own chiefs of staff. They are a devoted band of capable and experienced men dedicated to the service of this country. They are not only men who have had actual experience in recent operations, in command and in staff duties, but they are also a forward-looking group who are trying to provide us with the soundest advice that is possible for any group of officers to give. They are confronted with almost insurmountable difficulties. They are trying to peer into the future, trying to keep up with the advance of science, but they are resolving those problems.

Again I must insist that our defence policy is perfectly clear. Furthermore, it has proved effective. Through collective agreements we contribute to the integrated balanced forces of the free nations, thus preserving peace by the twin media of the shield and retaliatory forces of NATO. In Europe our troops share the responsibilities with those of our allies in preventing the western countries from being absorbed by communism. On this side of the Atlantic navy, army and air force have the double task of protecting our own country and that of providing security to the forces of retaliation so that they, in their turn, may be an adequate deterrent to any enemy. If the deterrent should fail to deter the would-be aggressor we shall endeavour to provide the best means we can for the survival of our nation under the nuclear attack which is bound to follow any act of madness that might plunge the world into another global conflict. As far as policy is concerned I assert that there is no confusion.

Regarding the program for the provision of forces and their armament to give implementation to this policy, this program must be flexible. Because of the improvements in technique and the advances of science, because of changes which may be introduced in the armament inventory of a potential aggressor, as well as the long period of time that must elapse between the inception of a modern piece of equipment until it comes into operational use, I fear there is a possibility that programs may in the future be changed, perhaps before some of the projects have been completed. Rigidity in this respect would be fatal. On Friday last the Prime Minister clearly outlined the principles associated with defence, and the broad basis of our program. There was no confusion in his thinking. He made it perfectly clear that caution will be used in defence expenditure; courage when a final decision is required.

Mr. Winch: Could I ask the minister a question? I did not want to interrupt him while he was speaking. In the closing part of his speech he indicated that there are no Bomarcs west of Ottawa. Will he now tell us whether there are Bomarc bases established or contemplated on the United States side of the border for the protection of the populated areas of Vancouver, Calgary, Edmonton, Regina, Winnipeg, Port Arthur, and other large centres of population some of which are beyond the range of the Bomarc missile? If not, where is the defence which the minister mentioned?

Mr. Pearkes: I did not understand that last sentence: what is beyond the range of the Bomarc missile?

[Mr. Pearkes.]

Mr. Winch: I understand, according to statements given in the house that the Bomarc has a range comparable with that of the CF-105—375 miles supersonic, and 500 miles in the case of certain other conditions. The minister told us in the last five minutes of his remarks that there are no Bomarcs for defence purposes west of Ottawa. He said, if I understood him rightly, that United States defence arrangements must take care of the populated areas of Canada. I have mentioned a number of major cities in Canada, a number of which are far beyond the range of the Bomarc, so I ask: what is their defence?

Mr. Pearkes: I just say that they are not far beyond the range of the Bomarc.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the house, I am sure, has listened with keen interest to the remarks which have been made during the course of an hour and a quarter or more by the Minister of Defence (Mr. Pearkes). I think I should say in fairness to him that some of the points he made were effective, but others went far off the mark.

The hon. gentleman resented the fact that we on this side of the house should have stated that the government's defence policy was muddled and confused. I say to him respectfully and to those who sit with him, that during the course of his remarks, lengthy as they were, he did nothing to rebut the presumption that the policy for which he and his colleagues are responsible is indeed confused and muddled.

The minister went on to complain about the Leader of the Opposition (Mr. Pearson) and spent a large part of his time dealing with the defence policy of the government and the application of that policy. I should like to tell the Minister of Defence that the Leader of the Opposition never attacked the defence policy. He never attacked the objectives of that policy. What he did attack were the procedures and the delays.

The minister went on to say that in the circumstances in which we live it is necessary to keep adjusting the policy to meet changing conditions. We on this side of the house say that is exactly what the government has failed to do. I note, also, that the minister quoted with great approval the words of the Right Hon. C. D. Howe, and in the debate which took place here last Monday, the Prime Minister did likewise. I and my colleagues on this side of the house have not forgotten that those who now sit on the benches opposite were highly critical of that great man, but nonetheless if they had him on their side today perhaps they would not be in the unfortunate position in which they are now.

Mr. Churchill: Would the hon. member permit a question? I should like to ask him who arbitrarily and abruptly terminated the jet transport contract and the Velvet Glove contract.

Mr. Chevrier: That is an easy question to answer. In the first place, who abruptly terminated the Arrow contract? With reference to the other contracts, and the question to which the hon. gentleman has just asked, at least Mr. Howe was able to get something else in their place.

I want to deal with another great man whose words members on the other side of the house are most anxious to cite from time to time. The Minister of Labour (Mr. Starr) quoted him with great approval the other day, and the Prime Minister also quoted him with great approval. I refer to Cardinal Leger who said that it is the duty and the responsibility of the government to help provide additional work and that it is also the responsibility of industry and of the government to get together to see what can be done in situations such as the one that has arisen since the cancellation of the Arrow contracts. Members of the government and their supporters like to quote these men when it suits them, but never like to put into action their advice.

The Minister of National Defence said something about the shifting of the responsibility on to the chiefs of staff, and he defended the chiefs of staff. No one has attacked the chiefs of staff. We on this side think as the government does with reference to these men. We think, as does the government, that they are hard working citizens just as the minister said, but I should like to point out to the Minister of National Defence that there is one former chief of staff, now deputy commander at Colorado Springs, Air Vice Marshal Slemon, who stated on November 24 that a manned interceptor in the R.C.A.F. was an inescapable requirement for as long as he could foresee. Then he went on, with his commander-in-chief, General Partridge, to recommend to the Canadian chiefs of staff that manned interceptors be retained for a long time to come in the air defence system to counter the threat of manned bombers. I noted some days later that the Minister of National Defence agreed with that statement. But either Air Marshal Slemon and General Partridge are right, and the government is wrong, or the NORAD commander and deputy commander are wrong and, if they are, why is their advice being sought, and what confidence has the government in that recommendation?

Mr. Pearkes: They are not obsolete.

Mr. Pickersgill: The new plane is obsolete, the old one is not.

Mr. Pearkes: They are not obsolete as long as the threat is there.

Mr. Chevrier: The minister this afternoon said that as recently as two weeks ago the government was still trying to sell the CF-105 to the United Kingdom. The Prime Minister (Mr. Diefenbaker) spent several minutes on Monday last telling us that he had indicated to the company last September their contract was at an end. There seems to be a clear conflict between the statements made by the Minister of National Defence and the Prime Minister. During the course of his remarks today, if I understood him correctly, the Minister of National Defence led us to believe that the distance between Russia and the United Kingdom is greater than that between Russia and Canada—

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Nonsense.

Mr. Pickersgill: That is what he said.

Mr. Pearson: That is exactly what he said.

Mr. Chevrier: Let me go on. On that basis the minister went on to say that the United Kingdom still needed a manned interceptor similar to the Arrow but that Canada did not need one. If the United Kingdom needs one, a fortiori it seems to me we in this country need one. But the most amazing part of the minister's statement was the fact that he suddenly became the minister of defence production. For almost thirty minutes he put on the record all of the things that had been done in order to obtain contracts and in an effort to get work in substitution for that which had been stopped. But with what results? He said they were not successful, notwithstanding all of the effort expended in this direction.

It occurs to me that this is one area in which the minister should have been successful but perhaps there is a reason why the government, the minister and those associated with him were not successful in obtaining these orders. If the minister was right in the fact that these difficulties arose around the middle of October of 1957, then we know what was happening at that time. The government was getting ready for another election. Ministers on the other side of the house stated repeatedly that the session at that time was nothing more or less than a preparation for the next election so it is no surprise to us on this side of the house that perhaps the government was not paying the attention that it should have paid to matters of this importance.

Mr. Churchill: The election surprised you though.

Mr. Chevrier: Mr. Speaker, I rose not so much to deal with that aspect as to deal with the defence production aspect of this contract and if the house will be good enough to listen to what I have to say there are two or three points I should like to make before dealing with this question in particular.

At the outset I should like to say that in my view the decision which was made to produce the Arrow was a sound one. I do not believe there is any disagreement with that statement in the house. I believe, too, there is agreement that under the circumstances in which the country found itself at that time the decision to develop that aircraft taken in 1953 was justified from a military standpoint. There is also another point that is consequential upon that one and it is this. That decision meant that the Canadian aircraft industry would continue to develop after having succeeded in producing the CF-100 which had proved so effective. This meant more employment opportunities and also an increasing number of skilled personnel and research personnel working in Canada in fields that are vitally important for our future technological and industrial programs.

During the post-war period the aircraft and allied industries had become a major sector of the Canadian economy. It was therefore also sound for the government to develop the CF-105 on a tentative basis. I repeat again that I do not think there is any disagreement on this point and it was my impression that the Prime Minister was in full agreement with that position when he spoke the other evening. However, as was pointed out by the Minister of National Defence, the Leader of the Opposition and others, the launching of the first earth satellite by the Russians on October 4, 1957 was a basic factor which should have affected our air defence policy because it was quite clear at that time that a new era was beginning, that of the intercontinental ballistic missile.

What did the government do? The Minister of National Defence complains about the fact that we on this side of the house say the government did nothing. Well, if the minister objects to that form of accusation let me say this to him. At least for a period of a year, from that time until the statement was made to the press in September 1958 by the Prime Minister, certainly there had been no indications given to the public or to the house that anything was being done. If there is a complaint because of that perhaps it is, as has already been stated on a previous occasion by the hon. member for Essex East (Mr. Martin), that at about that period and to a large extent still the views of the Canadian government were not received too sympathetically in the United States. I need not quote some of the things that were said during a former debate—I would be out of order—or some of the things said by the press, in an effort on my part to embarrass anyone. In view of statements made by hon. gentlemen opposite during two election campaigns in connection with our subservience to the United States in other fields, surely it cannot be objected to now when we say what I have just affirmed that we are complaining unduly about the conduct of our friends on the other side of the house.

However, it is a fact that in October of 1957 a new situation existed because of the Russian satellite orbiting the globe. We also knew then that we would need less of these aircraft than the 500 or 600 to meet our requirements. We further knew that the cost of producing the aircraft added a great deal to our defence requirements and that that might be well beyond our financial capacity unless, of course, Canada were successful in selling these aircraft to the United States.

It was one year later that the government decided to discuss that possibility in accordance with what has already been said. If these discussions had been initiated earlier or immediately after the events following October 4, 1957, when the CF-105 was unveiled and the Russians launched the satellite, the results probably would have been entirely different. I say that the delay between October of 1957 and September of 1958 in reaching a decision was completely unjustified. If the government is right now in abandoning the CF-105 it could and should have reached that decision if not a year and a half ago at least a year ago after the second election and saved about $200 million of the taxpayers' money. However, the issue was allowed to drift.

Statements made by the Minister of National Defence in July indicated that at that time the government certainly had not faced up to the situation. It was only in September of 1958 when the Prime Minister issued his first statement to the press that the government gave some indication it was at last considering this problem.

Now, if I may take a moment I should like to say a word about the statement made by the Prime Minister during the debate which took place here last Monday. It seems to me that if the Prime Minister had followed the tactics of the Minister of National Defence in giving to the house his version of the events and the facts instead of throwing the blame for this whole matter on the company it would have been far better not only for the

Prime Minister but for the country as a whole. The Leader of the Opposition said earlier that he had no mandate to defend the company and neither have I, but I do want to say without hesitation that the attack which was made on the company in my humble opinion was not only improper and unfair but it was unwarranted.

It was contended during the course of the debate that the press release of September 23, 1958 made it clear that the government intended to cancel the CF-105 at that time. I am not going to put on *Hansard* the words which the Prime Minister quoted himself because the Leader of the Opposition has already done that. I am not going to go into the fact that for quite a lengthy part of his speech the Prime Minister quoted press statements to the effect that his statement was clear and did indicate a cancellation at that time. However, in order to substantiate my argument, I shall quote just the last sentence of the press release which was made by the Prime Minister in September 1958 and which is as follows:

> The government has decided that the development program for the Arrow aircraft and Iroquois engine should be continued until next March, when the situation will be reviewed again in the light of all the existing circumstances at that time.

Surely these words are clear; surely they mean exactly what they say and I do not see how they could be interpreted by anyone, certainly not by the company, to mean that the CF-105 was abandoned and that it was the intention of the government to cancel its production at that time. I say, further, if you go along with the Prime Minister and assume that he was right and that that statement did give an indication of cancellation, which I deny, then does the house, does the minister, does the government think that that is the way in which to sever the relationship between that aircraft company and the government? Surely that is not the way to operate as between government and industry in this country.

Listen to what the president said in his statement to the *Globe and Mail* the day following the announcement made on February 20. He said:

> The Prime Minister's announcement cancelling forthwith the Arrow and Iroquois programs came as a complete surprise to the company. We received no advance notice whatever of the Friday announcement itself nor did any government department seek prior consultation to arrange for orderly and gradual cease-work procedure.

Then, further on he goes on to say:

> Such drastic action would not have been necessary if there had been prior consultation and if the government had taken the company into its confidence, and advised us in advance of its intentions. This would have permitted an orderly and gradual adjustment of seniority and related staff problems and given employees a chance to seek other employment.

Still further, the president said:

> Since the Prime Minister's original announcement September 23 which cast doubt on the future of the program, the company has repeatedly proposed to various government departments and even to Mr. Diefenbaker himself, alternate programs for the useful employment of the technical resources that have been assembled at Malton and which are second to none in the western world. However, the government has not seen fit to discuss these matters or consult with us in any way.

This is a statement which is in complete contradiction with what has already been said in this debate and, as the hon. member for Bonavista-Twillingate (Mr. Pickersgill) said, thus far it has not been contradicted. Therefore, again I put the question. Does the house think this is the way to sever the relationship between the government and this company? This is certainly not the way to deal with responsible private interests. There is no sharing here of confidence, as there should be. There is no opportunity to explore alternatives to the memorandum presented by the president of Avro to the Prime Minister on September 16, 1958.

I should like to deal for just a moment with the manner in which this contract was cancelled. I have in my hand the contract itself, or, I should say rather I have a form of contract with the Department of Defence Production which is "General Conditions DDP-26A", covering supplies. Section 26 is the termination clause of that contract. It states:

> Notwithstanding anything in the contract contained the minister may, by giving notice to the contractor (hereinafter sometimes referred to as a "termination notice") terminate the contract as regards all or any part or parts of the work not theretofore completed. The minister may, at any time or from time to time, give one or more additional termination notices with respect to any or all parts of the work not terminated by any previous termination notice.

This is the termination clause. How was this contract terminated? I say that if the Prime Minister is right, that the September 23 statement is in itself a termination, that was quite an improper way to do it, and it is therefore unfair, unwarranted and improper on the part of the Prime Minister to suggest that the September statement was notice to the company. In fact, his statement did not affect in the slightest the obligations of Avro under the several contracts that it had with the Department of Defence Production, and until the formal notice was given, not in the house here but in the manner provided for under the contract and in the manner provided for under the Department

of Defence Production Act for the termination of contracts, the contract was not terminated and that notice I submit was not given until February 20, 1959.

Let me go a step further. I hold in my hand the manual of procedure on termination of contracts with the Department of Defence Production and on page 10 of this manual, chapter II, there is a part dealing with the termination of the contracts.

Mr. Churchill: This has nothing to do with the amendment.

Mr. Pearson: It certainly has.

Mr. Chevrier: It has to do not only with the amendment but with the contract, and instead of interrupting me the Minister of Trade and Commerce should listen to what the termination clause says. If he wishes to get up afterwards and deal with this part I will welcome his intervention in the debate. In fact, I hope he enters the debate to reply to what I intend to say.

Mr. McIlraith: He will not.

Mr. Chevrier: The termination clause says:

> All contracts placed by the Department of Defence Production contain a clause permitting termination or cancellation of the contract, or of the work called for by the contract, at any time, in whole or in part, by notice in writing by the minister.

Again I repeat, the minister did not give the notice. The Prime Minister says that he gave it. Now then, under the same chapter, continuing the effect of the termination clauses, we find this:

> Upon receipt of a notice of termination, a contractor is required to cease work under the contract in accordance with and to the extent specified in the notice.

Here is the notice that was given to the company on February 20 by the Department of Defence Production, not by the minister as required. I quote from the notice:

> Take notice that your contracts bearing the reference numbers set out below including all amendments thereto are hereby terminated as regards all supplies and services which have not been completed and shipped or performed thereunder prior to the receipt by you of this notice. You shall cease all work immediately, terminate subcontracts and orders, place no further subcontracts or orders and instruct all your subcontractors and suppliers to take similar action.

Could there be any clearer language than "you shall cease all work immediately, terminate subcontracts and orders and instruct all your subcontractors to take similar action"? What does the termination clause in the manual of procedure of the Department of Defence Production have to say with reference to that position? In it I find the following:

> If the whole of the uncompleted portion of the contract is terminated, compliance with this requirement may involve cancellation of outstanding subcontracts and/or commitments for materials and parts, release of employees whose services are no longer required, or cancellation of contracts for the supply of power or other services.

So I say without any hesitation that the moment the company received this notice it had no other alternative but to do what it did, and that was to cease all work immediately. It had no other alternative but to diminish the claims which it might have for wages against the crown. It was its obligations and its responsibility so to do under the termination clause and certainly under the order which it received from the government. Not only that, but on Friday, February 20 when Avro had 14,000 men working they were told to cease work and if they had any of these men working after February 20 they would have no right to recover their wages from the crown except to the extent that their services were a necessary consequence of the termination. I have not heard it said in the house by anyone so far that the claim for wages that had been referred to would be a necessary termination of this contract. Therefore, though these employees were discharged on February 20 and although they are entitled to severance pay for three weeks, I believe the Prime Minister said, what I have pointed out follows as a consequence of the termination clause which I have put on the record.

The Prime Minister has stated in effect that the company took this action to embarrass the government. If you read the telegram you see that that is not the case. On the contrary, it was done by order of the government, on instructions received from the government and if the suggestion made on the other side of the house that the company should have kept these men on had been put into effect the company would have done so at its own expense and not at the expense of the crown as has been intimated in the debate. Therefore, the conclusion one must come to on this point is that before blaming the company and not the government for what happened on Friday, February 20 we must take cognizance of the following points. The government's decision was announced suddenly on February 20 instead of on March 31 as was expected.

Mr. Pickersgill: As the Prime Minister promised.

Mr. Chevrier: And as the Prime Minister indicated. Why was this done on Febraury 20? No one has given any explanation. I hope that those who speak in the debate will tell us. The government gave no advance notice to the company and no government

department sought prior consultation to arrange for orderly and gradual cease-work procedure. The telegram, as I have read it, is clear as to its meaning and the company had no alternative but to cease work. The fact that there was some money available in the estimates for this purpose could not be taken into account by the company. In view of the clear precise and definite language of the telegram received from the government the company certainly would not have been entitled to obtain payment from the crown if it had decided to continue these operations. So I say that the government and the government alone must take the responsibility for cancelling the contract in the manner in which it did.

I should like to say something about the statement made by the Minister of Finance (Mr. Fleming) the other day, a statement, as the hon. member for Vancouver East (Mr. Winch) said, coming too late and containing too little. I cannot lay my hands on the minister's statement at the moment but in effect he said that the government would share equally with the company for a period of six months the payroll cost of certain technical work to be undertaken by this essential nucleus of personnel. This sounds to me like a last minute salvage operation and make-work program which would have been unnecessary if the government had faced up to the situation. If the government had faced up to the situation as it should have at least a year ago the Minister of Finance would not have found it necessary to rise in the house and make the statement he did.

But a lot of questions come to mind in connection with the statement made by the minister which I should like to deal with. Incidentally, the statement can be found on page 1439 of *Hansard* for February 27. The arrangement which the minister announced is very limited since it only deals with about 1,000 people. Moreover, what is going to happen to the non-essential, highly trained personnel and to the other 11,000 or 12,000 people who are out of work? The statement is most discouraging in so far as that aspect of the study referred to by the minister is concerned.

The only new development is that the government has decided at last to give serious consideration to the proposals made by the company months ago. Here is what the minister said, as found on page 1439 of *Hansard*:

> In addition, various new programs and extensions of existing programs have now been proposed by the companies to the government in the fields of military and civil aviation and nuclear power.

These proposals, he went on to say, would be studied. What can we expect from these further studies? It may take months before we really know. In the meantime, what will happen to those who have lost their jobs? Will they remain unemployed or will they find employment elsewhere? Here again it is our duty to lay the blame in the only place where it should be laid, namely at the feet of the government because the studies mentioned now by the Minister of Finance should have been undertaken a long time ago. Those are the kind of studies which had they been undertaken six months or a year ago would have had some effect. They certainly were told about it in the memorandum of the air industries to which the hon. member for Essex East referred during the question period on Friday.

The government has badly mishandled this matter. It has shown its inefficiency and complete lack of foresight. It cannot escape responsibility for the unemployment of thousands of Canadians and the serious dislocation of our aircraft and allied industries.

I should like to deal with the statement which was made by the Minister of Defence Production (Mr. O'Hurley) the other day. But before dealing with that statement I should like to say briefly how important and how dynamic the aircraft and other allied industries are to this country. That is contained in the confidential brief which was submitted to the Prime Minister and which was referred to again today during the question period. From the position of fortieth in our economy in 1951 it has risen to the position of ninth in 1958. It employs about 45,000 people and with other allied industries about 100,000. It is an important part of our economy. But what is going to happen to it? Listen to what the Minister of Defence Production said, as reported at page 1269 of *Hansard:*

> The real success of production sharing endeavours depends, to a large degree, upon the determination of Canadian industry vigorously to seek defence business in the United States either as prime or as subcontractors. In assuming this responsibility, Canadian industry must bear in mind that it will have to be competitive with United States industry in terms of technical competence, delivery and price.

I ask the Minister of Defence Production this question. Is he aware that there are three substantial difficulties in the way of Canadian prime contractors competing in the United States? There is first the duty on Canadian equipment that is imported into the United States. Depending on what that equipment is, it can be anywhere from 12 per cent to 17 per cent. That means that a Canadian contractor must be from 12 per cent to 17 per cent more efficient than a

United States contractor before he can get the contract. In the second place, surely the minister is aware of the tremendous lobby that goes on in the congress of the United States on behalf of United States industry. Will the Canadian industry have the same kind of protection or pressure as that brought to bear in that country? In the last place, the Minister of National Defence was asked the other evening whether he was aware of the "buy American" act which means that there should be by the tendering contractor a reduction in price of at least 12½ per cent. I thought he hedged that question beautifully.

Mr. Speaker: Order. I am sorry to interrupt the hon. member but his time has expired.

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I should like to commence on a rather humble note what is really my first speech in the house since my appointment as Minister of Defence Production. As I was appointed only in May last and have been obliged by illness on two different occasions to be absent from the House of Commons I do not pretend to know all the answers to production sharing nor do I pretend to know all the answers to defence production. You will perhaps like to know that it is a long distance from my former occupation of forestry and wild life conservationist to the position I occupy today of Minister of Defence Production.

Mr. Martin (Essex East): It is still a wild life.

Mr. O'Hurley: It certainly is. But I think my past experience, although it was in a different field, serves me well in this new occupation.

The primary function of the Department of Defence Production is placing the contracts for the requirements of the Department of National Defence. For this reason naturally the two departments have worked and are working very closely together. My officials and the officials of the Department of National Defence are in daily discussions on matters of mutual interest. The complete accord reached by the two departments to extend this policy of production sharing and the work being done I think is a sign of success. Notwithstanding the gloomy picture portrayed by the Leader of the Opposition (Mr. Pearson), we are optimistic as to the results we hope to obtain. For example, in order to denote the change of view in Washington I should like to be permitted to read and to have inserted in *Hansard* a press release from the Pentagon in Washington which proves just the opposite of what the hon. gentleman referred to. The press release reads as follows:

U.S. Department of Defence Press Release,
February 23, 1959.

The air force announced today the signing of a contract by Boeing Airplane Company with Canadair Limited, Montreal, for the production of wings and ailerons for Bomarc missile.

The long range fully automatic Bomarc missile is in quantity production for four U.S.A.F. bases already under construction in the northeastern United States. Ten additional Bomarc bases in the U.S. have been announced. The Canadian government has also decided to introduce the Bomarc into the Canadian air defence system. This was announced by the Prime Minister of Canada in September, 1958. The establishment of the Bomarc bases will be in accord with plans developed by the North American Air Defence Command (NORAD) for the defence of the North American continent. It is expected that in accordance with past practice the two governments will share the cost of the Bomarc installations in Canada which will be an integral part of the North American air defence system.

The Canadair contract is the first significant production contract awarded as a direct result of the production sharing effort agreed to after high level discussions between the two governments last year.

Due in part to the growing integration of Canadian and U.S. air defence, and in part to the high cost and technical complexity of modern defence equipment, both governments have recognized the desirability of moving toward a better utilization of their defence production capabilities.

This is from the Pentagon in Washington.

To this end, it is of great importance to North American defence that Canada as well as the United States maintain an industrial defence base capable of a significant contribution to the common defence and to the development of a fund of technology necessary to increasing productivity in the field of defence production.

It was jointly decided, therefore, to explore the possibility of closer co-operation between Canadian and U.S. industry in the production of weapon systems related to the defence of North America. Canadian industry has highly trained scientists, engineers and other skilled technicians and modern equipment, and it is expected that the increased emphasis on production co-ordination will result in greater utilization of Canadian defence production facilities by United States industrial and governmental procurement agencies in order to assure the most economical and effective use of the capabilities of both countries.

A series of conferences between Canadian and U.S. officials have been held during the last four months with a view to developing better co-operation in the production of defence weapons. The interdependence of Canada and the U.S. in defence matters was recognized in the Hyde Park declaration, April, 1941, and in the statement of principles for economic co-operation of October, 1950. The recent discussions have been carried out within the framework of these principles.

The immediate aim has been to utilize Canadian industrial capacity in the Bomarc, Sage and radar programs which are being financed jointly by both governments. Both governments are assisting inter-industry contact and facilitating exchange of information and personnel between American prime contractors and potential Canadian suppliers.

Interested American prime contractors have made visits to Canadian plants to obtain first-hand knowledge of their capabilities, and progress has been

made in having the names of Canadian firms placed on American industrial and governmental bidders' lists. Many companies have already submitted technical proposals and quotations, and several contracts have been placed on a competitive basis. It is expected that progress along these lines will continue.

Groups of officials are also looking beyond the immediate programs in order to work out effective arrangements for sharing the production of future defence equipment. To achieve this, the long term program must be based on Canada's ability to participate in co-ordinated development programs of mutual interest leading in time to production contracts. Studies are continuing in seeking areas of mutual interest in which a co-ordinated development effort is possible. Through proper long range planning in this manner, both governments feel the maximum use can be made of each country's skills and resources in the fulfilment of the common defence objectives of Canada and the United States.

That is a press release from the Pentagon in Washington.

Mr. Speaker, I wish to acquaint this house with the members of the joint Canada-United States production sharing committee who have held to date three general meetings. Might I add that there were meetings of a ministerial committee arranged by the Prime Minister (Mr. Diefenbaker) and the President of the United States one of which was held in Paris in December. The Canadian delegates of the joint Canada-United States production sharing committee were the deputy minister of the Department of Defence Production, Mr. Golden; Mr. Miller, deputy minister of the Department of National Defence; Mr. LePan, who has taken another position, assistant undersecretary of state for external affairs; and Mr. MacNeill, assistant secretary of treasury board. The United States delegates were: the assistant secretary (material) United States air force, who was chairman; the assistant secretary (logistics) United States army; and the assistant secretary (material) United States navy. The meetings held by this committee were on October 9, 1958, November 18, 1958 and February 10, 1959.

Between these meetings, members of the different departments have been holding continual discussions and meetings. Only this afternoon three members of my department left for Washington and other parts of the United States in connection with this program of production sharing and the removal of different objections mentioned by the member for Laurier (Mr. Chevrier) which hampered —I will deal with this situation later—the ease by which the Canadian contractors can obtain work from the United States.

I wish here to give some outline of the work that is being done in my department to bring production sharing into effect, not only as pieces of paper but so that our contractors in Canada can share in the gigantic defence program which is going on in the United States. One of the first major tasks in increasing the opportunities for Canadian industry to share in the production of military equipment for the United States has been to familiarize United States procurement agencies and the prime contractors with Canadian industrial capabilities; and, secondly, to arrange for Canadian industry to quote on current military requirements. On the Bomarc missile program considerable progress has occurred in the last three months.

First of all, facility capability reports on 63 Canadian industrial concerns have been forwarded by the Department of Defence Production to the Boeing airplane company in Seattle. Secondly, under the auspices of the Department of Defence Production senior Boeing officials have visited about 50 Canadian companies throughout Canada for on the spot investigation of their capabilities. Over 45 Canadian companies have sent representatives to Boeing for a thorough briefing on the Bomarc weapon system. Boeing has issued over 170 invitations to tender to 77 Canadian companies. Many tenders have already been submitted and are presently being evaluated. Similar arrangements are being made with the major United States subcontractors to Boeing in instances where Bomarc work had already been contracted for. These companies are in turn exploring the areas where they can subcontract some of the work into Canada.

With the Sage and radar improvement programs opportunities for production sharing are not as extensive, but do represent a very significant dollar potential in the fields of radar, communications and data processing equipment. Four major United States prime contractors along with procurement specialists from the United States air force have undertaken extensive tours of potential industrial sources in Canada. In all, over 50 electronic and electro-mechanical companies have been visited in the last three months. Over 25 Canadian firms have visited a like number of United States firms and government procurement agencies in the same time period. Eighty invitations to tender have been received. Over 50 of these have resulted in Canadian bids being submitted, and these are now being evaluated.

The efforts of the government to improve the knowledge of the United States as to our capabilities and increasing the opportunities for Canadian industry to quote have not been restricted to the Bomarc, Sage and radar programs. A number of other programs of mutual interest are being examined. United States prime contractors involved in these programs are being approached by Canadian government and industrial personnel. We are

being assisted in these endeavours by the United States military departments who are giving every encouragement to the United States companies to share with Canadian industry the development and production of military equipments for which they have been given contractual responsibility.

Mr. Speaker, I wish at this point to acquaint this house with the fact that the Department of Defence Production has sent invitations to Canadian concerns who have the capabilities to tender on defence programs, and we are ready and willing in the department to proceed to arrange interviews for them, to brief them on how to tender, and advise them on the material which is best suited to any given tender. The Department of Defence Production is working extensively on this problem of helping Canadian contractors.

Mr. Godin: Would the hon. minister permit a question?

Mr. O'Hurley: Yes.

Mr. Godin: When were these invitations which you are referring to sent out?

Mr. O'Hurley: These invitations were sent out in the month of December. The hon. member for Laurier in making his speech very rightly said that there were several impediments to getting contracts from the United States. In our department we call them road blocks. He mentioned a few of them, and with your permission, Mr. Speaker, I will mention several more road blocks, about which I am glad to say progress is being made. I can truthfully say to the house that several of these road blocks to Canadian production sharing are being constantly removed, and we are quite optimistic on a final result being obtained.

Procedural and administrative road blocks in the United States are receiving the active attention of senior officials of the Canadian and United States governments with a view to a liberalization of United States procurement policies and procedures. In this manner Canadian firms will have a better opportunity to compete on an equal footing with United States firms for defence production in programs of mutual interest. Considerable progress has been made toward the removal of hindrances to production sharing which existed during the days of the former government.

Some of the impediments which are being removed, and some of the relaxations now permitted may be listed as follows:

1. The "Buy American" act as applied to United States defence purchasing in Canada.

2. Duty free entry to the United States of Canadian defence material.

3. Qualification approval of Canadian manufactured equipment such as electronic components.

4. Security restrictions which in the past have prevented Canadian firms from participating in classified United States projects.

5. Transmission to Canada of United States technical information in order that Canadian firms might be better qualified to quote on United States defence requirements.

6. Easier negotiation of licensing agreements between United States companies and the Canadian government or its contractors in order to permit the manufacture in Canada of United States designed equipment.

Reticence on the part of the United States defence industry has always existed in the past with regard to subcontracting work to Canadian firms. Through the active co-operation of the United States military departments, United States industry is being made aware of production sharing arrangements between Canada, and the United States and are being assisted in every way to assess our capabilities and to place more defence work in Canada. This will take some time, but already significant results are occurring. I have here a list of contracts which have been carried out in Canada. These are known major United States subcontracts placed in Canada in the last four to five months.

U.S. Prime	Equipment	Value
Boeing	Engineering service	$2,400,000
Boeing	Bomarc, wings and ailerons	1,700,000
General Electric	Development drive unit FPS-7	500,000
Westing-house	Tropo scatter for Bomarc	1,600,000
Hughes	Tape readers	1,100,000
Bendix	Klystrons, 2 contracts	300,000
Total		$7,600,000

There are 250 defence contracts which are open at the present time, and 100 Canadian contractors have been asked to tender. Several of these contracts have already been submitted to the prime contractors in the United States and I have every hope, judging from the results already obtained that the Canadian manufacturers have a good chance of obtaining a number of these contracts.

In past years there was a program of production sharing during the construction of the radar lines. I wish to be quite clear, and to say quite frankly that I am speaking now of engineering work in the electronic field; I am not speaking of construction or of air transport. Under the United States air force radar augmentation and gap filler project referred to in diplomatic note No. D-155 and No. D-156, dated June 1955, the Canadian

government reaffirmed the principle that electronic equipment at installations on Canadian territory should as far as practicable, be manufactured in Canada, the factors to be taken into account would include availability at the time required, cost and performance.

Of a total of nine stations having a total equipment value of $10 million, Canada obtained only $75,000 for installation, having stated, with regard to the equipment that it was not practicable for Canadian industry to deliver on time. In view of the urgent nature of program 572, which concerned preliminary site surveys and the construction of two trial sites for the D.E.W. line, Canada waived participation. The total estimated cost of this project, which is referred to in the diplomatic note No. 163, was $29 million.

Under the terms of diplomatic note No. 306 of May 1955 the terms governing the practicability of D.E.W. line construction were similar to those contained in previous notes and included such considerations as availability at the time required, cost and performance. Of an estimated cost of electronic equipment of more than $125 million, Canadian industry share was $10 million. With regard to project Dewdrop, involving a radio communication system from Cape Dyer north across Thule, Greenland, similar terms were agreed as referred to in diplomatic note No. 158 of July 1957. Because time was short, Canadian firms were unable to participate in the supply of electronic equipment needed for this project, the cost of which was estimated at $10 million.

It was obvious that the practicability clauses used by the former government were not proving effective and therefore the present government had to consider alternative arrangements in order to accomplish the desired objectives. Hon. members who consider the content of the diplomatic notes I have just read will see that we obtained only $10 million out of an estimated total of $175 million, or only 5.7 per cent of the contracts awarded.

At this point I should like to turn to the question of the Arrow. The Leader of the Opposition suggested that the proper time to have begun discussions with the United States regarding the sale of the Arrow to the United States air force was in October, 1957. He stated that the unveiling ceremony conducted at the Avro plant would have been an appropriate time at which to have raised this question. I suggest that this statement clearly indicates the bankruptcy of ideas of the former government with respect to production and cost sharing with the United States. Surely the proper time to have initiated such discussions was during the early stages of the program in 1952 and 1953. If proper cost and production sharing discussions had been held at that time the Arrow weapon system might have become a common requirement of both the United States and of the R.C.A.F. The fact is that it was too late, as we ultimately found out, to interest the United States government in this aircraft, because their own plans for aircraft in the interceptor category had been made. What we are now attempting to do in the production and cost sharing field is what should have been done years ago.

The Minister of National Defence (Mr. Pearkes)—and I wish in passing, to thank him very kindly for the assistance he gave me in his speech this afternoon—fully explored the possibilities of selling the Arrow to the United States. As I have indicated, it was too late. Never will this government enter into a program of such magnitude as the one just ended without prior discussions with our allies on production and cost sharing.

Mr. Pearson: I wonder if the hon. minister would permit a question? Does he realize that his colleague, the Minister of National Defence (Mr. Pearkes), has already told the house that those discussions took place during the period about which he is speaking, prior to 1952?

Some hon. Members: He did not say that.

Mr. O'Hurley: I listened with great interest to the remarks made by the hon. member for Laurier about the termination of the Avro contract. The hon. gentleman read part 1 of the termination clauses. If he had read part 2 he would have found that it says: "...to proceed with any portion of the work which is not terminated." We did not terminate work on the production of spares and overhaul for the CF-100. We did not terminate the program which Avro has under way for the United States. We did not terminate at the Orenda works the program for production of Orenda engine spares and overhaul. When the termination notice was given it was the intention of the Department of Defence Production that the other programs should continue and that the men should be maintained at their work or on leave of absence under the labour contracts. As I say, we have not cancelled the contracts for the production of CF-100 spares and Orenda has a contract on hand from the West German government worth $6 million. The CF-100 spare contract amounts to $10 million for this current year—money which should be spent by March 31—while there is a further amount of some $3 million in

respect of Orenda engine spares which is not already spent and which should be spent by March 31.

There was still work to be done and the company should have had every reason to continue to employ certain of their employees. The reason given by the company was that they did not have on hand the seniority list of those they should keep on according to the labour contracts. It is a requirement under a union contract that a company must have for the inspection of the labour department up to date seniority lists. I cannot justify the position the company took in letting everyone out as soon as they got notice of the cancellation of the Arrow program.

Mr. Chevrier: Mr. Speaker, may I ask the minister a question? Did he or any of his officers get in touch with the company officials to indicate to them what was going to happen?

Mr. O'Hurley: To answer the hon. member for Laurier may I say that before the telegram was sent my assistant deputy minister spoke to the officials in Avro.

Mr. Chevrier: Could the minister say when?

Mr. O'Hurley: The day of the declaration in the house. We did not terminate the contract before then. The contract was terminated on February 20. But if it is true that the company had no inkling whatever that the contract was going to be terminated how is it that I should have copies of letters going back over the months, exchanged between the Avro company and my department containing references to termination costs?

At the company's insistence negotiations were entered into during 1957 regarding the termination procedures to be followed concerning capital equipment and other matters. These negotiations lasted over a period of many months and were only partially concluded at the time of termination. In letters from Orenda dated October 27, 1958, and from Avro dated October 22, 1958, reference was made to termination. I quote specifically from a letter dated January 27, 1958 addressed to my deputy minister:

> However, and in accordance with our normal practice as previously mentioned, both companies will have further substantial outstanding commitments at that time, and the purpose of this letter is to draw this matter formally to your attention and obtain your recognition of this fact, so that in the event of termination the actual expenditures arising therefrom which are deemed to be reasonably and properly incurred, will be recognized and reimbursed by your department.

And again I quote from a letter dated February 9 to the Minister of Public Works (Mr. Green) who served as acting minister of defence production whilst I was ill:

> My purpose in writing you, therefore, is to state that we are carrying on the work in accordance with what we understand to be your wishes, notwithstanding the literal provisions of the contracts, and on the assumption that the reasonable and proper costs incurred will be reimbursed in the event of termination.

The charge has been made that the current defence production policy is permitting our trained engineers and technicians to leave Canadian industry for the United States and elsewhere. I would like to point out that upon termination of the Astra and Sparrow projects arrangements were made with some ten firms to retain a nucleus of their engineering teams totalling some 300 personnel until such time as other work could be obtained as a result of United States-Canada production sharing activities.

In the case of the CF-105 cancellation the house is aware of the arrangements which are proposed with Avro and Orenda companies to retain a number of their skilled technicians until such time as other useful work of a commercial or defence nature may be found for them.

The Leader of the Opposition this afternoon implied that the cancellation of the Arrow has resulted in the destruction of the aircraft industry in Canada. I would like to correct this erroneous impression.

Mr. Pearson: Mr. Speaker, before the hon. minister corrects that impression may I be permitted to say that I made no such statement during the course of my remarks this afternoon as he will discover when he reads *Hansard*.

Mr. O'Hurley: I shall take the hon. member's word in this respect but I believe he strongly implied that the industry had been adversely affected. May I be permitted to go on to state that Avro and Orenda are today in operation with 20 per cent of the manpower they employed at the time of termination carrying out their other contracts for the government which are of a continuing nature. Avro also holds contracts from the United States air force and the United States army for the development and prototyping of a vertical take-off aircraft, which appears at this time to have considerable potential and may develop into a long range development program.

Canadair Limited in Montreal are presently occupied building the Argus CC-107; the long range transport CC-106 and the turboprop Cosmopolitan CC-109. The latter two are passenger transport aircraft and show promise of developing into excellent commercial sales.

In addition Canadair are supporting the F-86 Sabre and the T-33 trainer, both with spares and repair operations. This company has also successfully supplied spares support to aircraft utilized by the U.S. air force.

At De Havilland Limited the development of the Caribou is progressing extremely well and a production line has been started. At the same time De Havilland are continuing to produce Beavers and Otters for commercial and military sales. The CS-2F, the R.C.N. tracker, continues to employ a large labour force at De Havilland with subcontracts at Bristol, Winnipeg; Canadian Car, Fort William; Fleet Manufacturing, Fort Erie, and Enamel and Heat in Amherst, Nova Scotia.

Canadian Pratt & Whitney are continuing to produce the R-1820 engine installed in the CS-2F for the R.C.N. as well as supplying spares for existing engines both in Canada and the United States. In 1958 their sales in spare parts only to the United States amounted to over $11 million. This firm also provides a large employment of personnel to support the repair and overhaul of service aircraft and helicopters.

Rolls Royce Limited are continuing to support the Nene engine powering the T-33 aircraft and will service and repair Tyne engines for use in the CC-106 cargo transport aircraft. Here again the firm enjoys a large commercial program and is not wholly dependent on defence contracts.

Behind these major contractors in the aircraft industry is a network of subcontractors and suppliers in support. These cover every phase of aircraft production and although some will be affected by the termination of the Arrow the majority of them are diversified enough to be able to continue in a relatively strong position.

There are many other companies engaged in the repair and overhaul of service aircraft, many of whom contribute to the production programs. Although the strength of the industry has been depleted it is still a very healthy industry and will continue to be so.

The suggestion has been made that the present policy of defence production is resulting in a sellout to the United States. I would like to correct this erroneous impression by giving the house the figures for the calendar year 1958. Of a total of $730 million in defence contracts placed during that year only 3 per cent thereof or $20 million was placed outside Canada and of this amount only $10 million net represents contracts placed directly in the United States. Here I would also like to note that with respect to the moneys spent by my department, 92 per cent is spent here in Canada.

The Leader of the Opposition has challenged me to state what is the policy of the Canadian government with respect to defence production. The policy of the Canadian government is to maintain a production industry capable of providing the requirements of the Canadian forces, while at the same time utilizing the production resources of our allies where appropriate and making available to our allies our production resources where appropriate. Although this policy must be flexible enough to meet changing conditions, it is in essence the same policy pursued by the previous government, of which the Leader of the Opposition was a member, the difference being that now we want and are achieving more results in the fields of production sharing.

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I am pleased to have the opportunity to engage in this debate on the amendment of the Leader of the Opposition. I should like to read it to remind hon. members of what is under debate at the present time. The amendment reads:

> This house regrets that the prolonged delay of the government in determining air defence policy and planning in co-operation with our allies is preventing the effective use of Canada's defence production facilities and manpower.

I am honoured to follow the Minister of Defence Production in this debate but I must say at the outset that I was disappointed in his reading of his statement in the last 45 minutes because, in my opinion, he gave us very little in his elaboration of what he said last Monday after the affair of the Arrow had occurred on the previous Friday when he had occasion to make his statement in the house.

I am not rising to speak on this matter because I feel that I have technical knowledge of the various angles of the problem involved; but as I left my area of the Nickel Belt last night my people asked me to take part in the debate, if the occasion arose, concerning the catastrophe which has occurred in the aircraft industry in Canada, and I am pleased to do that on their behalf. It was said last week by the hon. member for Trinity (Mr. Hellyer) that the effects of the breakdown of the Arrow contracts and program upon the aircraft industry will be felt in the not too distant future by many industries and citizens of Canada. With that in mind I am sure that the people of the Nickel Belt realize the effect that it will have on the production of nickel which was necessarily involved in the production of the Arrow.

This amendment was placed before the house for the purpose of discussing possibly two things, namely the merits of the action taken by the government on the one hand

and on the other the method by which the government proceeded to achieve the decision which it made a very short while ago. Since I am not a specialist I do not wish to, and I do not think that I could, cope with the problem of the merits of the question of the cancelling of the Arrow contract, although I realize that every member in the house would expect the government to make its decision with all the information possible in hand. Later on we may not be pleased to realize that our government, with all the information at its disposal, made a wrong decision. The matter under discussion, is the obvious method used by the Conservative government in dealing with this problem. It is a method which has shown up in every problem which this Conservative government has been called upon to solve since I became a member of this house for the first time.

There is one problem that possibly the Canadian people felt this government could solve with some knowledge, and that was the problem of the Arrow. As I see it, the problem is simple. The government had to make a decision and probably they made the right decision. It had to think of the conversion of the utilities of that great industry; it had to think of the diversion of the utilities which that industry could continue to give to Canada. In these two fields this government has shown itself as a specialist both in conversion and diversion. On the other hand, I know that the Canadian people, as they inquire, as they read the newspapers, realize that, as on other occasions, this government has fumbled the ball and has not brought about the solution which the citizens and the taxpayers should expect from this government. I will attempt to prove that, Mr. Speaker. This is not just a loose saying on my part.

What was the attitude of the government?

Some hon. Members: Oh, oh!

Mr. Godin: I hear laughter. There are many interjections by our Conservative friends, but I am amazed to learn that most of them interject when a member of the opposition is speaking. They should take their turns, and if they have opinions on this very grave matter they should tell the government. They are entitled to take their turns. There are many interjections, mostly when members of the opposition are discussing important matters.

What occurred when this was first announced in the house? It was indicated that there was no problem at all. It was not a grave problem; it was well in hand. That was the first indication regarding this matter by the Prime Minister himself and the members of the government. That has been the attitude taken on many other grave problems in Canada since I have been a member of this house. I could mention the matter of coal which was brought up in the house. That was the attitude of the government at that time and that is the attitude today. An attempt was made to adjourn the house to discuss the matter of coal but we were not successful.

Once the opposition made it clear that there were grave problems about the method by which this decision was made we were told, as we have been told on many occasions when important matters have been discussed, that the people had made a decision last March; that there were 208 Conservative members in this house and that was a good enough answer to any problem which the Canadian people may have. You can read the debates. I heard the hon. member for Brome-Missisquoi (Mr. Grafftey) say that that is not true. He can read the speeches made by the members of the government last Monday and if he does he will find that this matter of the majority was brought up once again.

We all know that the CF-105 was cancelled. The suggestion was that the government would like to replace it with the PC-208. That is roughly the suggestion. I feel it is a very limited argument, and we do hear it very often in this house and that it will take care of the Canadian people; that they had an opportunity last March and we know what they did with that opportunity, Mr. Speaker. I think that today, and especially on the morrow of this decision of the government concerning the Arrow contract and the method by which it was terminated, the Canadian people are disappointed and they would favour an opportunity of using the ballot to deal with the PC-208.

What is the government's attitude concerning the Arrow problem? I have dealt with the first two matters. There is a third attitude, the attitude of "so what". We can well recall that when the major Canadian problem of unemployment was being dealt with in the house at another time over many weeks and months the hon. member for St. John's West (Mr. Browne), the junior Minister without Portfolio, said with respect to unemployment, "so what"? We heard the same words again not long ago in the house when the grave problem with respect to coal in the eastern provinces was brought to the attention of hon. members. What did we hear? We heard the hon. member for Cape Breton South (Mr. MacInnis) indicate that there was no such thing.

An hon. Member: Order.

Mr. Godin: I say this to show that the method used in making the decision we are

discussing was absolutely the same and I feel that I am entitled to do so. If I am to prove that the Conservative government deals with these problems only in one way, I think I am entitled to indicate that the processes are absolutely the same. I want to do that to show the very thing I am trying to prove.

An hon. Member: What is that?

Mr. Godin: Then we come to the Arrow project. We can all read the speech of the Prime Minister (Mr. Diefenbaker) to see what he thinks about that. His attitude was "so what" too, that there was no problem except the problem created by the company. That is the way the government takes upon its shoulders the responsibilities given to the government by the Canadian people with a very large majority last March. The government says that there is no responsibility on their shoulders concerning the aircraft industry and their future, that it is all on the shoulders of the company. It is surprising that the Prime Minister would make such a statement when on the day following the announcement of cancellation the president of Avro had this to say:

> Such drastic action would not have been necessary if there had been prior consultation and if the government had taken the company into its confidence and advised us in advance of its intentions. This would have permitted an orderly and gradual adjustment of seniority and related staff problems and given employees a chance to seek other employment.

That is what the president of the company had to say. We were told only a few moments ago by the Minister of Defence Production (Mr. O'Hurley) that the discussions which should have taken place were considered only on the very day of the announcement. That is a confession by the Minister of Defence Production himself. What is the answer as to the policy and attitude of the government concerning this grave decision? It is obvious. Absolutely no assurance was given to the house of any sign of preparedness before the announcement was made.

To indicate that this is so I should like to refer to what was said by the Minister of Defence Production tonight. He said the government is confident that something could well occur and that the government has extended invitations. Everything is in the future but for the last week the Canadian people have known that the decision is in the past and proper action should have been taken before the decision instead of extending invitations for the future tonight.

In his statement of a week ago the Minister of Defence Production said in the first paragraph that a Canada-United States ministerial committee on joint defence has been established. That is what he said last week. I recall the Leader of the Opposition (Mr. Pearson) indicating some time ago that the specialty of the government was to study the possibility of instituting a committee to study something. That is the process which has been used in this case. We come to the second paragraph of the statement of the Minister of Defence Production where we find the following:

> A committee of senior officials of Canada and the United States has been established to deal with the development and production sharing aspects of our military requirements.

Again something in the future, something in the realm of study only. Then we come to paragraph four where we find these words:

> We are now determined to make these existing agreements effective in action.

Again something in the future. Here is what we find in paragraph five:

> Both governments are helping to establish better inter-industry contact than has existed in the past.

More political talk. Something in the future, nothing concrete. What do we find is the minister's conclusion? He places the burden of solving the problem on someone else's shoulders, for in his statement he says:

> The real success of production sharing endeavours depends, to a large degree, upon the determination of Canadian industry vigorously to seek defence business in the United States either as prime or as subcontractors.

There is the measure of the policy of the government, to have industry take the entire load. We also have the statement made by the Minister of National Defence (Mr. Pearkes). His words were in part confusing to me and certainly to many other members of the house. When he spoke last week he made reference to the money involved. On this score I will only say that I do not criticize the decision. I hope it was the proper one. I feel that the government may have made the proper decision, but in reading his speech again after listening to it I see that he was concerned with the money involved. If one couples that with the statement made by the Minister of Finance (Mr. Fleming) and puts two and two together I fear that when the budget is brought down we will find that the defence of Canada possibly has been used to satisfy another portfolio. If that should be the case, and I am not suggesting for one moment that it is—

An hon. Member: Why mention it then?

Some hon. Members: Oh, oh.

Mr. Godin: The Postmaster General (Mr. Hamilton) laughs at that.

Mr. Hamilton (Notre Dame de Grace): No, I laugh at you.

Mr. Godin: He may laugh on account of what I may have said but he can check this.

Mr. Hamilton (Notre Dame de Grace): I doubt it.

Mr. Godin: Reference was repeatedly made as to the significance of the dollars involved in expenditures on national defence. That was the gist of the speech.

Mr. Hamilton (Notre Dame de Grace): Don't you think $1 million a day is significant?

Mr. Speaker: I am sorry to interrupt the hon. member but the time for adjournment has arrived.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

COAL PRODUCTION, NOVA SCOTIA

Question No. 160—**Mr. Robichaud:**

1. What was the average production of coal per man day in Nova Scotia in 1955, 1956, 1957 and 1958?
2. What was the average production of coal per miner day in Nova Scotia in 1955, 1956, 1957 and 1958?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. Year output per man day (Short tons). 1955, 2.321; 1956, 2.409; 1957, 2.604; 1958, 2.797*.

2. Year output per miner day (Short tons). 1955, 10.758; 1956, 11.087; 1957, 12.235; 1958, 12.962*.

*All 1958 figures are preliminary and subject to revision.

C.B.C. VANCOUVER—PROPERTY AND EMPLOYEES

Question No. 175—**Mr. Broome:**

1. Does the Canadian Broadcasting Corporation rent office and studio accommodation in Vancouver, British Columbia?
2. If so, what are the locations and what is the amount of rent paid for each location?
3. What is the total number of employees of the Canadian Broadcasting Corporation in Vancouver?
4. Does the Canadian Broadcasting Corporation own property in Vancouver? If so, where and how much was paid for each site?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. Yes.

Questions

2.

Location	Annual rental
Hotel Vancouver, 701 Hornby St.	$32,293.60
660 Howe Street	14,293.56
650 Burrard Street	27,000.00
Burrard Bldg., Corner Burrard and Georgia Streets	2,520.00

3. 401 as at December 31, 1958.

4. Yes.

Location	Purchase price
1200-1220 W. Georgia St.	$200,000.00
1230 W. Georgia St.	132,500.00
1252 W. Georgia St. (expropriated)	72,600.00
1254-1260 W. Georgia St. (expropriated)	73,000.00
1268 W. Georgia St.	37,500.00

UNIVERSITY GRADUATES LEAVING CANADA

Question No. 197—**Mr. Murphy:**

1. How many graduates of Canadian universities left Canada during the years 1945 to 1957, inclusive?
2. To what country did they go and how many to each country?
3. What were their professions?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. Statistics are not available.

2 and 3. Answered by one.

MANUFACTURING PRODUCTIVITY STATISTICS

Question No. 199—**Mr. Martin (Timmins):**

What is the manufacturing value or productivity in dollars per employee in the following cities (a) Timmins; (b) Sudbury; (c) Oshawa?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

Net value of manufacturers' shipments per employee for 1956: (a) $4,748.00, Timmins; (b) $6,320.00, Sudbury; (c) In view of the predominant influence of one manufacturer it is deemed inadvisable to issue statistics for Oshawa.

HOUSE OF COMMONS

Tuesday, March 3, 1959

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

MISCELLANEOUS PRIVATE BILLS

Second report of standing committee on miscellaneous private bills—Mr. McCleave.

PUBLIC ACCOUNTS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Alan Macnaughton (Mount Royal) presented the first report of the standing committee on public accounts and moved that the report be concurred in.

Motion agreed to.

TRADE

OIL—STATEMENT AS TO REPRESENTATIONS RESPECTING IMPORTS INTO U.S.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, the hon. member for Ottawa West yesterday directed a question to the Minister of Trade and Commerce concerning United States mandatory oil import restrictions, and asked whether the Canadian government had made any representations to the United States government opposing mandatory restrictions or regulations.

My colleague the Minister of Trade and Commerce indicated that the Canadian government's position on this matter had been stated very clearly at the meeting of the Canada-United States joint committee on trade and economic affairs in Ottawa early in January, that its position remained unchanged, and that this had been so indicated to the authorities in Washington. The method used to reiterate the Canadian government's point of view was a note from the Canadian charge d'affaires in Washington to the acting secretary of state delivered on February 19, 1959, a copy of which I am now tabling.

The note made it clear that the Canadian government continues to believe that there is no justification on grounds of security, or for that matter on any other grounds, for United States restrictions on oil imports from Canada, pointing out that such restrictions were incompatible with the need of the two countries to pool their oil resources in time of common emergency. The note further pointed out that a system of mandatory controls on imports from Canada would be even more disturbing to the Canadian government than a system of voluntary controls, to which the Canadian government had already expressed its opposition.

The purpose of sending the note at that time was to request the United States department of state to bring the Canadian government's views to the attention of those concerned with the review then in progress of United States oil import regulations. We were subsequently informally notified that the action requested was duly taken by the state department.

By leave of the house, Mr. Speaker, I ask that the text of the Canadian note of February 19, 1959 be printed as an appendix to the House of Commons debates of today.

Hon. Paul Martin (Essex East): Since the note is dated February 19, I wonder if the Secretary of State for External Affairs, in view of the request of the President of the United States that there should be an extension before the final decision on March 10, could say whether or not there are now negotiations under way or about to begin between Canada and her opposite numbers in the United States.

Mr. Smith (Hastings-Frontenac): Mr. Speaker, through our embassy we are in constant negotiations in this regard with the United States.

Mr. Speaker: Has the minister leave of the house to have the note which he has tabled printed as an appendix to *Hansard* today?

Some hon. Members: Agreed.

[*For text of documents referred to above, see appendix, page 1591.*]

[*Later:*]

Mr. Martin (Essex East): In view of the reply the Secretary of State for External Affairs gave me on the order for motions regarding negotiations which he says are continuing in connection with the matter of the curbing of Canadian oil imports, and in view of the fact that a delay has been granted by the request of the President of the United States that he be given an opportunity to review this matter further, can the Secretary of State for External Affairs say whether

those negotiations to which he made reference a few minutes ago include direct representations by Canada to the White House?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, I am unable to say that such is the case. I am not aware of the lines of communication in Washington.

Mr. Martin (Essex East): May I ask the Secretary of State for External Affairs if, in view of the great importance of this matter, he will look into this question and perhaps be prepared to give a reply tomorrow?

Mr. Smith (Hastings-Frontenac): I am not in a position to undertake to give a reply tomorrow. I remind the house that the note was delivered by our charge d'affaires, and he requested that this protest be brought to the attention of those who were reviewing the regulations relating to the import of Canadian oil. That no doubt would include the President, because I understand that he is seized of the matter.

URANIUM—STATEMENT ON AGREEMENT WITH JAPAN

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, yesterday the Leader of the Opposition addressed a question to me in which he inquired what progress had been made with regard to negotiations with the government of Japan for a bilateral agreement on the peaceful uses of atomic energy. He also inquired, Mr. Speaker, when those negotiations began.

First I would draw the attention of the Leader of the Opposition to the reply I gave on February 26 to question No. 163, which is relevant to the second part of his question.

This is the present situation. Last year we informed the Japanese government of our desire to negotiate an agreement with them with respect to the peaceful uses of atomic energy. During recent months our embassy in Tokyo has carried forward discussions with officials of the Japanese foreign ministry on this subject. The point has now been reached where the way appears to be open for formal negotiations to begin. We have invited the Japanese authorities to send a delegation to Ottawa at their earliest convenience and we are confident that they will soon come to Canada. As I informed the house on February 2, the formal negotiations, we hope, can be concluded in the spring of this year.

There is one other point relevant to this subject which is worth recalling to the attention of hon. members, and that is that last December 12 the government offered three metric tons of natural uranium to the international atomic energy agency, free of charge, which the agency will supply to Japan this year for use in their atomic energy program. The then acting minister of trade and commerce made an announcement to that effect on December 12. I may add that since then the Canadian offer has been accepted and the final details of the arrangements for transferring the uranium to Japan are now being worked out with the agency in Vienna.

This will be the first step in what we hope will be a long and mutually beneficial association between Canada and Japan in the field of co-operation for the peaceful use of atomic energy.

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask a supplementary question. In view of the fact that the minister said in the house last July that the way was open for negotiations to begin, can he explain the long delay in this matter?

Mr. Smith (Hastings-Frontenac): All I can say is that we have pressed for it, and the Japanese authorities at that time were not as prompt as we expected they would be.

URANIUM—INQUIRY AS TO RENEWAL OF AGREEMENT WITH UNITED STATES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Secretary of State for External Affairs whether any representations have been made to, or discussions held with, the United States authorities in regard to the renewal of the agreement between our two countries for the supply of uranium, which has been of such great importance to our export trade in the last year.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, there has been some discussion, but I will look into the matter and take the question as notice.

CANADIAN BROADCASTING CORPORATION

MONTREAL—SUGGESTED INTERVENTION BY PRIME MINISTER IN LABOUR DISPUTE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Prime Minister. In view of the increasing urgency of settling the dispute between the Canadian Broadcasting Corporation and the producers in Montreal, underlined by yesterday's incidents, and in view of the refusal of the Minister of Labour to intervene in the dispute and of the government to set up immediately a parliamentary committee on broadcasting, will the

Prime Minister himself intervene immediately in an effort to bring about a satisfactory settlement to this dispute?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I must say that the attitude betrayed in this question, that the Prime Minister should intervene in a matter in respect of which the C.B.C. is in negotiation, would be most contrary to the philosophy that my hon. friend has placed before this house on so many occasions with respect to myself.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask a supplementary question. If the Prime Minister will not intervene in the manner in which he has said, will he suggest to the Minister of Labour that he offer the good offices of the Minister of Labour or his officers in order to bring about a settlement of this unfortunate dispute?

Mr. Diefenbaker: Mr. Speaker, this suggestion is a continuation of the earlier question, namely that the government in so far as an appendage of the crown is concerned should be permitted or allowed to intervene, which is the direct antithesis of the arguments advanced by hon. members opposite in the past, the last occasion being not very long ago.

Mr. Pearson: A supplementary question, Mr. Speaker. In view of the attitude taken by the Prime Minister in regard to the undesirability of anything that might be interpreted as government interference in this matter, would the Prime Minister authorize the Minister of Labour to meet the representatives of the C.B.C. and the producers with hon. members of this house representing all parties, so there could be no suspicion of interference with the operations of the C.B.C. by the government?

Mr. Diefenbaker: Mr. Speaker, in other words the hon. gentleman would extend the field of interference to cover all hon. members of this house.

MONTREAL—REPORTED ARREST OF PRODUCERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, yesterday the Minister of National Revenue said he would give the house a report on certain incidents that took place in Montreal. Is he in a position to do so now?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have no report to make other than what appeared in the press. In other words, my information from the corporation substantially corroborates, though not in detail, the reports that appeared in the press. There was a march or parade after a meeting yesterday morning down the street, approaching the C.B.C. building. Apparently the Montreal police, some of whom were stationed there at the time, asked the group to disperse. An argument ensued as to who should disperse first, whether the police should be withdrawn or whether the marchers should retire, and as a result of the discussion that took place apparently a fracas developed, tempers were lost and the police finally, as the papers say, effected the arrest of a substantial number of people and took them away. That is substantially the situation.

Mr. Azellus Denis (St. Denis): May I ask the Minister of National Revenue a question. In view of the fact that almost half of the operations of the C.B.C. in Montreal are under his department, does he not think it is his duty to interfere and find some way to stop this?

Mr. Speaker: Order. The hon. member has heard a similar question asked of the leader of the government, and it seems to me that he is not advancing the giving of information by continuing to ask the question of other members of the government.

Mr. Denis: I tried the Minister of Labour, not the Minister of National Revenue.

EXTERNAL AFFAIRS

INQUIRY AS TO CANADIAN PARTICIPATION IN SUMMIT CONFERENCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the world-wide interest in a summit conference and the report that Prime Minister Macmillan may urge western leaders to participate in such a conference, would the Prime Minister say whether Canada has been approached in this regard, and can he tell the house what the attitude of the Canadian government is toward such a conference?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there has been no approach to Canada to provide representations of the nature indicated by the hon. gentleman.

Mr. Argue: Mr. Speaker, I wonder if the Prime Minister would care to give Canada's view on this very important question. I believe it is one that is of great interest to the Canadian nation.

Mr. Speaker: I think the hon. member in a question as broad as this is going beyond what he could expect to have answered by an

oral question without notice, and it seems to me it would be more appropriate for another time.

UNEMPLOYMENT INSURANCE

REQUEST FOR LEGISLATION COVERING DISCHARGED MEMBERS OF ARMED FORCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, regardless of being under the eagle eye of the Minister of Justice, I have summoned up courage enough to ask the Minister of Labour a question. I may say that my question is prompted by correspondence I have received from a number of people indicating the inability of some members of the armed forces to obtain employment since they were discharged last fall. My question is, in view of the fact that some members of the armed forces, discharged in recent months, have been unable to secure employment, has consideration been given to an amendment to the Unemployment Insurance Act to include members of the armed forces?

Hon. Michael Starr (Minister of Labour): I wish to thank the hon. member for giving me notice of his intention to ask this question. Since receiving this notice I have endeavoured to gain some information on what has happened in the past in this regard. Since I have assumed office, Mr. Speaker, I have had no representations on this matter; consequently I have not given it any consideration.

GRAIN

PROVISION FOR MOVEMENT OF TOUGH AND DAMP GRAIN

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. In view of the large amount of tough and damp grain still on farms, particularly in the northeastern part of Saskatchewan, can the minister inform the house whether quotas will be raised and priority on box cars will be given to have this grain shipped out before the mild weather sets in, and thus avoid spoilage?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the hon. member for Mackenzie, as well as other hon. members from northern Saskatchewan, drew this matter to my attention the other day. I discussed the situation with the wheat board last fall, and over the intervening months considerable effort has been made to move from that area of Saskatchewan some of the tough and damp grain stored there. The report of the wheat board on the present position is as follows:

[Mr. Speaker.]

The Canadian wheat board has been watching the delivery position in northeastern Saskatchewan very carefully and is taking every action possible to ensure that damp grain in particular may be moved off farms prior to the advent of warm weather.

In this connection quotas are being increased automatically to the full extent of the elevator space available in the area. In an endeavour to maximize the quotas as early as possible in the areas affected, priority in box car supply has been given for the movement of tough and damp grain. On February 18 last the board issued instructions to the railways to discontinue placing cars on an out-of-order basis to the lakehead except for the movement of tough and damp grain.

The effect of this order is to restrict the movement of all wheat to the lakehead to tough and damp grades in view of the storage congestion in terminal elevators. The only other grain which may be moved, on the basis of specific orders from the board, is No. 1 feed and lower grades of barley and extra No. 1 feed and higher grades of oats. The lakehead terminal operators have given assurance that they will give immediate unload to all car lots of tough and damp grain received.

LABOUR CONDITIONS

ONTARIO—INQUIRY AS TO EXTENSION OF WINTER WORK PROGRAM

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): I should like to direct a question to the Minister of Labour. Premier Frost made the statement in the Ontario legislature yesterday afternoon, which statement was reported in the *Globe and Mail* this morning, that his government is pressing Ottawa for an extension of the federal-provincial winter employment program. I should like to ask the minister if he intends to acquiesce in this request.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for giving me notice of this question. I have been in communication with Premier Frost, and we have discussed this matter and his suggestion for the extension of the plan. However, the hon. member will realize that this is a matter of government policy and that consideration will have to be given to the suggestion on that level.

Mr. Martin (Essex East): Will it be done before winter is over?

REQUEST FOR FIGURES OF EMPLOYMENT UNDER MUNICIPAL INCENTIVE PROGRAM

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I would like to direct a question to the Minister of Labour with respect to the winter work campaign. Would the Minister of Labour advise the house how many jobs have been created, and if there are still applications coming in, in connection with the program, and what is the total cost of the projects to date?

Mr. Speaker: I think that apart from the middle question the other two questions might more properly go on the order paper, as they are asking for statistical information.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the hon. member's question, so far 1,703 applications have been accepted. The total cost of the projects undertaken by municipalities is $70 million, and there are 30,091 people to be engaged on these projects.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question. Could the minister say how many of those jobs are in the four Atlantic provinces?

Mr. Starr: Yes, Mr. Speaker. In New Brunswick there are 2,044; in Nova Scotia, 5,336. In Prince Edward Island there are none because no projects have been sent in. In Newfoundland 17 projects have been sent in and 248 men will be employed on these projects.

Mr. Erhart Regier (Burnaby-Coquitlam): A supplementary question of the Minister of Labour. How many of these 30,091 jobs that he has indicated have been provided under the winter works program are for periods of three months or more and how many of them are for periods of one week or two weeks?

Mr. Starr: We have not got that breakdown, Mr. Speaker, but the figures I have given to the house are the figures which are supplied by the municipalities. The projects are selected by the municipalities, and their duration is guided by whatever work is to be done.

Mr. Azellus Denis (St. Denis): Would the Minister of Labour give the figures relating to the province of Quebec and the city of Montreal?

Mr. Starr: Yes. I cannot give the figures for the city of Montreal separately, but for the province of Quebec there have now been 169 projects submitted, giving employment to 3,798 persons.

Mr. E. J. Broome (Vancouver South): A supplementary question. Would the minister give the figures for British Columbia as well?

Mr. Starr: Yes, Mr. Speaker. For British Columbia there have been 218 projects accepted, giving employment to 2,305 persons.

TRANSPORT

BELL ISLAND, NFLD.—CONTRACT FOR CONSTRUCTION OF FERRY

On the orders of the day:

Mr. J. A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Transport. Can the minister tell the house when the contract for the construction of the Bell island ferry will be awarded?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. Treasury board has approved the awarding of the contract for the building of this vessel to Ferguson Industries of Pictou, Nova Scotia. It is expected that work on the vessel will start very soon.

WATER RESOURCES

CHICAGO DIVERSION—REPORTED LETTER STATING CANADA'S POSITION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Secretary of State for External Affairs. It is based on a report from Washington of Knowlton Nash who is reported to have stated that a letter was introduced into the record a few days ago from the state department saying that Canada had no objection to the diversion of an additional 1,000 cubic feet per second from lake Michigan out of the great lakes-St. Lawrence basin.

Hon. Sidney E. Smith (Secretary of State for External Affairs): I have no knowledge of the existence of such a letter, and I refer the hon. member for Laurier and the house to the latest word uttered on behalf of the government in this regard, the note of protest sent to the state department some days ago.

PUBLIC BUILDINGS

SNOW BURDEN ON ROOFS—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): I should like to direct a question to the Minister of Agriculture. As there is no certainty that the snow burden on ice rink roofs will be materially reduced before the end of the month, and in view of the fact that the federal government has made substantial contributions to many communities and societies under agricultural acts, would the minister inform the house whether, in order to protect its investment, the government can oblige the operators to report regularly on the state of such buildings?

Mr. Speaker: It strikes me that the hon. member is ranging beyond the jurisdiction of the federal Minister of Agriculture, even though he attempts to bring his question within the minister's jurisdiction by a reference to investment of federal funds. I believe this question is more in the field of property and civil rights, but I do not wish to prevent the minister dealing with it if he so desires.

Inquiries of the Ministry

Hon. D. S. Harkness (Minister of Agriculture): The Department of Agriculture does not make grants to ice hockey arenas or things of that sort. The only grants we make are to agricultural fairs and buildings which are used primarily for agricultural purposes, such as the housing and showing of livestock. It sometimes happens that a building which we have subsidized for this purpose does have ice put in it and is used as a hockey rink. However, we have no authority to inspect those buildings, so far as I am aware.

Mr. Taylor: By way of a supplementary question may I ask, where a building is used as a hockey rink, is the plan of the building approved by the minister's department before a grant is made?

Mr. Speaker: I think the hon. member is in the wrong house with his question.

BROADCASTING

FRENCH NETWORK—INQUIRY AS TO CONTRAVENTION OF RADIO REGULATIONS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of National Revenue. Yesterday I asked him about the regulations in connection with live programs on television. I should like to ask him this question now in view of his answer yesterday. Has there been a violation of the radio regulations by the French radio network of the C.B.C. in connection with the live content of those programs?

Hon. George C. Nowlan (Minister of National Revenue): I shall have to inquire of the board of broadcast governors with respect to that before I attempt to answer.

INDIAN AFFAIRS

CAUGHNAWAGA RESERVE—INQUIRY AS TO WATER SUPPLY

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Citizenship and Immigration whether satisfactory arrangements have been made for a good water supply for the Caughnawaga Indian reserve.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): That is not a question I can answer without inquiring into the matter, but I shall be glad to get a definite reply for the hon. member.

[Mr. Speaker.]

INDUSTRY

AUTOMOBILES—SUGGESTED PRODUCTION OF SMALLER CARS TO AVOID UNEMPLOYMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Last Friday, in the absence of the Prime Minister, I referred to a telegram from George Burt, Canadian director of the united automobile workers, which had been sent to the Prime Minister. Will the Prime Minister say whether as a result's of Mr. Burt's request the Canadian government has asked the Canadian automobile industry whether it will be producing small cars in order to protect the jobs of Canadian workers, in the light of possible competition from small cars coming in from the United States?

Right Hon. J. G. Diefenbaker (Prime Minister): I received the telegram indicated by the hon. gentleman, but I would say that any declaration made at this time would not be in keeping with the situation. It is a matter of great interest to me that the hon. member is advocating something which he has always criticized—that is, protection under a tariff.

Mr. Argue: On a question of privilege, I did not advocate protection in any way, shape or form. I asked the Prime Minister whether, as a result of Mr. Burt's telegram, he had asked the Canadian automobile industry whether they would be producing small cars this year in the light of possible United States competition. I think it is a very fair and proper question, and that has nothing to do with the tariff.

SUPPLY

The house resumed, from Monday, March 2, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson, and the amendment to the amendment of Mr. Winch.

DEFENCE POLICY, DEFENCE PLANNING, DEFENCE PRODUCTION

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I greatly appreciate that you have recognized me at this stage and thus offered me the occasion to bring certain conclusions to the remarks I had occasion to address to the house last evening. I realize that to be fair with everyone I should endeavour to be brief. I know the importance of the subject under debate, and I realize that other hon. members would also appreciate the opportunity to take part.

Last night I had occasion to impart certain information to the government to the effect that throughout Canada it is felt that this

present government, as far as laying down policies on defence and defence production are concerned, has failed not so much because of the merit of the decision taken a week ago but because the facts which have been brought out assure everyone in this country that there were delays and confusion which have made it apparent to the Canadian people that the policy laid down by this government is not the one which they had expected a government with the majority of this one would have brought down.

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

Mr. Godin: Yes.

Mr. Speakman: Has the hon. member been asking for this information from members of the armed services by any chance?

Mr. Godin: I am happy that this question has been asked, because I think we are reminded that the first screw that becomes loose in a man's head is that which holds his tongue. If the hon. member had been listening to me last night I made it perfectly clear to this house that I am not discussing the merits of the decision which necessarily was based on the information given to the government as to the advisability of discontinuing the production of the Arrow. I am discussing the policy, the confusion and the delay, which this government is obviously responsible for, in arriving at my conclusion.

With that in mind, and that alone, we all realize, especially on the opposition side, that we do not have the files and information which are, and should be, of great help to the government. I had this to say last night, for the information of the hon. gentleman who interjected a moment ago, that I did hope this government had helped itself, with the very best information available, to make the important decision which it had to make.

I am dealing with the facts; and to convince the hon. member who interjected may I bring as evidence the opinions of people throughout Canada, so that I may not be alone in this house in speaking to this matter. I will call as evidence an editorial from a newspaper which I consider not necessarily unfriendly to the present government, namely the *Globe and Mail*. In the issue of February 23, 1959, under the title "The Beginning of the End", I would like to refer the house to the following article on this problem:

> The Diefenbaker government's decision to end the Arrow aircraft and Iroquois engine development program without having anything to put in its place reveals a major and widely spread internal weakness of that government—a failure in not just one but in several of its departments to look and to plan ahead. This weakness has been apparent since the government assumed office 20 months ago, but never in that time has it been so dramatically disclosed.

And again, if I may assist the house regarding the thoughts of people who have studied this problem and the way in which it was engineered, I should like to quote an article written by someone outside this country who has considered the situation. I will quote, if I may, from an editorial in the London *Times* which had this to say:

> It has been known for six months that the Arrow would probably have to be dropped; what the friends of Canada would like to see is more evidence than has yet appeared that the government and the company have spent the interval in fruitful consultation on the best means of lessening the impact of the impending blow—and it is from the government that the initiative should be expected.

That is the opinion expressed by people outside this country who have had occasion to review the action taken by this government.

What better admission could we have had in this matter than the actions of the government itself? We know that the announcement was made on a Friday, over a week ago, and that the following Monday a debate was held in this house. On that day the Prime Minister himself had occasion to state that he was attending several meetings with the officials of the company. Is that not an admission that meetings which should have taken place much earlier had, in fact, not taken place, and that the Prime Minister himself recognized just three days after his announcement that he must now try to accomplish what should have been done by his government before the decision was made?

I realize, now, that I have come to the stage in my speech, as one speaking on behalf of the opposition, where the Prime Minister usually gets up and asks, what have you to suggest, and what would you have done? That question addressed to me would seem rather superfluous. I realize that, but I am prepared, as one sitting in the back row, to invite hon. members on the Conservative side who sit in a similar position to get up and enlighten the house on the opinions they hold concerning this matter which so affects the Canadian people. Hon. members may laugh. The Postmaster General had occasion, possibly, to make a remark which he regrets when he was laughing at me the other day. I may say this, that if anyone in this house appears in a foolish situation it is the Postmaster General, who just a few weeks ago—

Mr. Speaker: Order. I am afraid the hon. member is straying from the subject under discussion.

Mr. Godin: I wish to refer to the stamp which was approved by the Postmaster General.

Some hon. Members: Order.

Mr. Godin: Well, I feel that any congratulations which were offered to the defence policies of the department and to the aircraft industry—and I suggest this was the main purpose of issuing the stamp—were misplaced. We all recall that the stamp which came out showed the Arrow surging upward. Yet the Postmaster General is a member of the cabinet which only last week shot down the Avro Arrow.

An hon. Member: Good shot.

Mr. Godin: That is not exactly my opinion of any industry we have in Canada. It is not a good shot if we see it disappear down the sink. It may be a good shot, but it is not the type of shot that any member of this house should appreciate when he realizes that an industry is just about on its way out.

As I said, it may be asked at this point, what have you to suggest? Well, I may have some suggestions to make, and with the permission of the house I shall refer to a few of them. I am fully prepared to adopt and support the suggestion made on many occasions by the Leader of the Opposition that the time has come when we should revise our defence policy, and when machinery should be set up to study every angle of this policy. This is one suggestion that I am not alone in making.

I appreciated the humility with which the Minister of Defence Production began his speech last night. I realize that it is a big task for any man to become minister of defence production in Canada. However, notwithstanding that admission—and excuses are not good enough for the Canadian people—I suggest to the Minister of Defence Production that he should look into the files of his department and direct his attention to the work of his predecessor, Mr. C. D. Howe, during the post-war years. I make this suggestion to the government, also. The files relating to this period of transition between the war years and the post-war years must be full of examples of how this was successfully accomplished.

I may say before I close that I have never read in any newspaper since 1945, during the period of Liberal administration, of a case where an industry had to make the step from war production to something else, and where there was a lay-off of 14,000 men. This situation is the responsibility of the government. I am very pleased to support the motion of non-confidence which was submitted by the Leader of the Opposition, and may I add that in my opinion this government has failed in its duty in this important phase of Canadian life.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I intend to direct my attention particularly to the subamendment, and to this end I shall read the amendment to which the subamendment is appended. It was moved by the Leader of the Opposition and seconded by the hon. member for Laurier that:

> This house regrets that the prolonged delay of the government in determining air defence policy and planning in co-operation with our allies is preventing the effective use of Canada's defence production facilities and manpower.

To which was added the subamendment:

> —and is contributing to the erosion of Canadian sovereignty."

May I say to begin with that we welcome the opportunity of hearing the views of the opposition and of members supporting the government on this problem, which is one which transcends all other considerations. We welcome the opportunity of having the views of the hon. members on a matter that is exercising the minds of free men everywhere. Here in this house in a spirit of reasoned criticism it is proper that we should discuss this matter, which is being discussed everywhere in the free nations and in the assemblies of the free world.

I intend to refer to some recent debates that have taken place and in particular I shall refer to those that occurred in the United Kingdom. The question of defence was dealt with at great length in May of 1958; and only a few days ago, on February 25, 1959 there was a lengthy and complete discussion. It is appropriate that this question should be discussed, because since 1945 Canada has spent on its defences the sum of $15,700 million, exceeded only by the United States, the United Kingdom, France and West Germany. In other words during this period of time, following the experience at the United Nations meeting in San Francisco, the nations of the free world having concluded that the hopes there expressed would not be achieved because of the intransigent attitude of the U.S.S.R., the free world decided that its defences had to be maintained.

That view has been generally accepted. The Leader of the Opposition speaking on August 8 last admitted on that occasion that we—and I take it he meant Canada and the free

world—are now entering a new era in defence. That era of defence had been referred to by the Minister of National Defence, who preceded the Leader of the Opposition in the debate, as an era when the threat of the manned bomber is being supplemented by the threat of the missile. New methods and new plans are required to meet this problem.

In all the planning that has been done and in all the expenditures for defence that have been made since 1945 the unknown factor has been that we have not known the plans and intentions of the U.S.S.R. On the one hand the U.S.S.R. claims that it desires peace. In the last few days the Prime Minister of the United Kingdom during his stay in the U.S.S.R. has been met by the inconsistency of two attitudes, one the welcome attitude displayed from time to time and the other the attitude expressed in the truculent speech delivered by Khrushchev in which he banished any suggestion of the possibility of a foreign ministers' summit conference. Yesterday, however, in one of those kaleidoscopic changes that are characteristic of him Mr. Khrushchev agreed to the convening of such a conference which he himself only a few days before had ridiculed as something that under no circumstances he would accept.

It is difficult to understand in the light of these changing views what is the attitude of the U.S.S.R. The formal reply of the Soviet union following the harsh-sounding speech of Mr. Khrushchev on February 24 gives some new hope. It will be undergoing careful scrutiny in the NATO council tomorrow. All of us, I am sure, express the hope that the combination of the fair-minded approach of the western powers in their notes of February 16, together with what from preliminary press reports indicates may be a more reasonable response from the U.S.S.R. than we have encountered in recent months, may lead to a situation in which there could be a real lessening of tension and the dangers of the Berlin problem will be decreased.

We have had these intervals since 1945. On each occasion when there has been a softening of the attitude on the part of the Soviet union the free world has taken it to mean a change. Having regard to the terrible potentialities inherent in the fixing of May 27 as the date when the U.S.S.R. intends to set aside its pledged word, with all the awful consequences that may follow, all of us trust that there is realism in the hope that something may be achieved on this occasion that will bring about a lessening of tension.

In the finest traditions of British statesmanship the Prime Minister of the United Kingdom, without regard to the coldness of the response he received following Mr. Khrushchev's speech, stayed there believing that it is of the essence that the statesmen of the free world continue to do everything that is reasonable, in an endeavour through discussion and negotiation, to settle those issues that have separated us since 1945 or 1946. The unexpected and expected vagaries and changes in the attitude of the U.S.S.R. place the free world in the position of having to accept one of two alternatives. At all times we have to maintain the latest defences only to find out when there is no war that the weapons and defences have become obsolete. That has been the insurance we have continued to pay. On the other hand the course that some suggest is that we should spend a too-diminished amount or at too late a time.

In either case the course of statesmen in the free world is one of preparation in doubt, endeavouring to arrive at that course which is the best but at the same time realizing that in large measure the expenditures being made for defence may prove to have been expended on weapons that have become obsolete during the intervening years. While trying to anticipate the terrible instruments of the future we must at the same time maintain the closest vigilance in our endeavour to ascertain whether or not there is something that will bridge the chasm between the free world and the communist world.

In the intervening years the changes in the instruments of destruction have placed the instruments of offence far ahead of those of defence. In an age of atomic and hydrogen bombs, thermonuclear missiles and intercontinental ballistic missiles, mankind asks what the morrow will bring and what the future will be. Only last year the deputy chief of staff of the United States air force in charge of development said:

> We should not regard control of the moon as the ultimate means of insuring peace among the earth nations. But the moon appears to be of such significance that we should not let another nation establish a military capability there ahead of us.

In other words, the limitless potentialities of the future which have come about through the intervening years with frightening change make the defence of today almost the weakness of tomorrow. In the last few days Rear Admiral John S. Thach, commander of the antisubmarine defence group in the United States, made this statement, again showing the terrible danger under which the free world finds itself:

> A dozen Russian submarines packing Polaris (missiles) could wipe out 70 per cent of our economy in one surprise blow.

He was referring to the economy of the United States. To those who say that our defences are obsolete the answer of the free world is always this. It has been the answer in Britain; it has been the answer in the

United States, in France and in West Germany. What are the measures that we must take? Against what manner of attack are we to be prepared to defend ourselves? Because the great danger of today is that the theories and plans of defence today, in the light of the potentialities of tomorrow, become useless or innocuous.

On the other hand, we have to take into consideration the tremendous expenditures. The amount spent per year for defence of the world amounts to about $100 billion. We in Canada, a small country comparatively speaking as far as population is concerned, are in this position: we are situated between the U.S.S.R. and the United States of America. The question that we must ask ourselves is, what shall our future be? Shall we be rendered vulnerable to the instruments of mass destruction, against many of which there is no defence or, on the other hand, shall we find ourselves in the position that through overexpenditure, or through expending for those things which are not necessary, and in the light of experience cannot be justified to be continued—shall we by going on in that way face that which the U.S.S.R. and its leadership have said through the years will be the ultimate fate of the free world, economic bankruptcy?

It is in this spirit that I am going to discuss one or two matters today and in particular, as I said, the subamendment. I suggest that we leave aside the natural attitudes of political partisanship. I think that is the attitude of the house. Let us discuss in general some of the matters upon which we are agreed, and then endeavour to determine the course we should take.

All of us are agreed that an adequate defence is necessary. We are not agreed as to how it is to be obtained, for we do not know what is in the mind of the Kremlin. Some say it is to be a cold war of ideas. That is the point of view that is held in various countries in Asia; that the major responsibility of the free world is to assure that in the battlefield of ideas the idealism of free men and of democracy is of paramount importance.

On the other hand there are those who agree that the question of ideas and idealism has a large place, and I am of those who hold that opinion in part. I believe that we must convey a message to those uncomitted parts of the world which are today determining the course they shall follow. We must not lose sight of the necessity of placing before the peoples of those countries the idealism that is ours, the philosophy that we support and the general concept of the free world. It was in that spirit, following my trip to Asia, that I expressed the view that the time had come for a declaration of the purposes of the democratic free world which are today to a considerable degree left for definition to the whims of its enemies. We need an understanding in this vital field of philosophy that is ours, and there is a compelling need for the free world to define its purposes, its principles and its ideals so they can fully be understood in every part of the world.

While material assistance to underdeveloped countries is most beneficial and Canada's contribution to that end has been a worthy one, material aid of itself is not sufficient. The time has come for us to explain what is our concept of freedom; for, after all, in the uncommitted countries of the world, the communist world is able to put forward its point of view and has successfully done so in many ways, while we in the free world have not been able to achieve the same degree of success. In other words, I suggest that there is no better way to explain freedom than in the spirit in which the Atlantic charter was declared during the darkest days of the war, and for the free world to reach a common basis for a declaration of freedom's creed. Then, having done so, let us give to the uncommitted world a solemn pledge of willingness to work with them for better economic conditions in which human dignity, equality and tolerance will be recognized and to which the personal freedoms—freedom of thought, expression, association and religion—will be dedicated in the struggle for man's hearts and minds.

During the last two days the Toronto *Star* in an article has come out in favour of action in that regard, action to assist the peoples of the uncommitted world. Indeed, it goes so far as to suggest that defence expenditures cannot defend the peoples of the free world. With that view I am not in accord, but I believe we must have the spiritual things properly brought to the attention of the uncommitted world. On the other hand we must preserve and maintain our defences so far as within us lies and in accordance with the needs and necessities of the present day.

I am not going into the detail which the Minister of National Defence and the Minister of Defence Production gave yesterday. I think both those contributions were outstanding. They placed before the people of Canada the picture of defence and also the action taken by this government to assure that we shall not be a silent and passive partner with the United States in defence on the North American continent.

I mentioned the discussions in the British House of Commons. Well, the last debate took place on February 25. There the opposition's attitude was the same as the opposition

here has evinced in the amendment. There the government was charged with failure to produce a coherent and effective defence policy, a charge almost identical in purport with the amendment moved here. But it is interesting to note that in the course of that debate the question as to the extent to which the United States of America was contributing and would have to contribute was referred to by the minister of defence, Right Hon. Mr. Sandys, in these words:

> We believe that the Americans, who could afford it, were right in developing alternative deterrent weapons, in addition to the intercontinental land-based missiles into which they were putting their main effort.

He points out that the United States, being able to afford it, is taking certain stands. One of the most striking aspects of the trip I took was to see everywhere in the world the extent to which the United States, in the countries of the free world and in the uncommitted world, is taking over responsibilities that were formerly discharged for so long by Great Britain and the British Empire. It is taking them over because of the changing conditions and the economic results that have followed in the United States since 1914.

As far as Liberal policy in the United Kingdom is concerned, it was declared by Mr. Grimond, who said that Britain should not manufacture or maintain her own deterrent. The Liberal party believed that the deterrent should be held by the west and on behalf of the west as a whole, not by individual countries. The United States was at present so much the most powerful nuclear power that the nuclear deterrent must rest largely with it. Liberals were perfectly willing that Britain should make a contribution if it was wanted. They were not impressed by the arguments for mounting nuclear rockets on British soil, and shared the view that these might be distributed around the world.

In other words, disagreement takes place over there as it takes place here. What is the proper course to take? What are the instruments of today that will defend us tomorrow? Is there any missile defence? As far back as May 13, 1958 the Prime Minister of the United Kingdom warned that there is no known defence against ballistic missiles, and there is no sign of such a defence being developed. Authoritative sources have summarized British government policy on air defence along these lines. Britain does not have the financial or economic resources to develop planes that will be superseded in a few years by ballistic missiles, or may be obsolete by the time they go into production.

That is the attitude of this government. There is no purpose in manufacturing horse collars when horses no longer exist. Whatever the results may be, there can be no justification for defence procurement being used for any other purpose than the assurance of defence. Britain is concentrating her resources on building medium range rockets capable of carrying hydrogen warheads. No planes more advanced that the P-1 fighter or Victor and Vulcan will be designed. Production of all three planes is being pushed forward to tide Britain over the period until her air defences are taken over entirely by rockets.

What is our position in Canada? Some seem to have the view that we could be neutral in any war that may take place, neutral in the event that the United States was involved—or Britain, or France, or West Germany. There is no neutrality of that kind today. Our responsibilities under NATO, under the agreement entered into with the full cognizance and support of all members of parliament, will not allow any choice to be made in the future. There can be no academic debates in parliament or out of parliament on the question of whether or not we are automatically at war in the event that any of the nations in NATO are at war.

That is our position. There can be no other today in view of the international changes and the agreements entered into since 1948 and 1949. The defence of Canadian land, air and sea is a major if not the major strategic consideration on the North American continent and the most vital single item in the broad NATO strategy of early containment of the attack to protect the manoeuvrability of the main NATO weapon, the United States strategic air force. It was admitted quite fairly by the Leader of the Opposition that for Canada to have endeavoured to contribute a strategic air force would have been beyond the financial resources of the Canadian people.

Those are considerations to which we must have regard. Canada's part, as the Minister of National Defence has stated, is to protect Canada, to give warning to the United States air force, to the strategic air command. After all, whatever dialectical discussions there may be respecting the nature of NORAD, NORAD is indeed a part of NATO. NATO was advised of its formation. The NATO chart shows the Canada-United States planning group as reporting to the standing group. They act as a committee carrying out similar functions to those which would be carried out by the supreme commander, to use the words of the Minister of National Defence when giving evidence before the standing committee on estimates on June 10 last.

In other words, we here in Canada are in a position where our numbers do not permit

us to provide for our defence by ourselves alone. I want to emphasize that very simple fact, a fact which seems to have been lost sight of during the course of this debate and on other occasions. I do so because the argument being used today is that we in Canada find ourselves as a satellite of the United States. Sir, there is co-operation. There must be co-operation. Without co-operation there is no survival for the people of either Canada or the United States.

Just a year ago the Leader of the Opposition said that a country of 17 million people cannot take over full responsibility for its own defence and that there were some things we cannot and should not do, that we could not afford the strategic bomber which is the principal deterrent. On the occasion when he spoke last year he also went on to point out some of the things which Canada should do, and I now wish to make reference to them. As found on page 3229 of *Hansard* for August 8, 1958, he said, and I remind him of this in view of his speech yesterday:

> —Canada must have new and more powerful radar detection lines. It means new ground controls. It means participation in . . . semi-automatic ground environment. Surely it must also mean the introduction into our air defence forces of ground to air guided missiles such as the Bomarc, which we do not yet have but which in the future will perhaps become a major weapon in our air defence—

That was the suggestion of the Leader of the Opposition last August, and he pointed out at that time the difficulty of being able to predict the course of the U.S.S.R. and the needs for the future. He also went on to say that while the Bomarc missiles may not take the place of the manned interceptors at least for some time—I point out that he said this on August 8 last—they will certainly be supplementary to the manned interceptors.

Then he went on to say—almost in a prophetic way, because everyone was saying it at that time—that perhaps it would not be too long before the manned interceptor would be as obsolete as the old BE2C of the R.F.C. in which my hon. friend learned to fly. Then he said:

> Are we going to go into the production and planning of these new planes and missiles, or should we not leave the production of this kind of weapon under the concept of division of tasks in a balanced collective defence strategy to the United States and concentrate our efforts in Canada, not exclusively but mostly, to ground environmental control and early warning systems against missile attack?

That is on page 3231 of *Hansard* for August 8, 1958. When they talk of the dangers of co-operation with the United States, this is what the hon. gentleman said, speaking in August last; that this is a situation in which Canada is vitally and directly concerned, and with which we cannot deal except in the closest possible association with the United States.

Mr. Pearson: I said that yesterday, too.

Mr. Diefenbaker: Oh yes, there has been no change in that regard. Again, at page 3231 of *Hansard* to which I have referred, I find that my hon. friend said that Canada may have to wait before entering into the field of rocket and missile construction. Then he said, and now I quote:

> Perhaps we will also have to adopt a system of priorities of a different kind from that which we have adopted in the past with regard to defence by confining our defence efforts, or at least devoting the major part of our defence efforts, to matters particularly concerned with questions of immediate interest to us such as radar defence, integration of ground equipment and ground control—

That was the statement of the hon. gentleman only a few short months ago and, I point out, prior to the time this government made its declaration with regard to the CF-105. In other words, following that debate in this house this government acted, apparently with unanimity in the light of the words of the Leader of the Opposition in determining that steps should be taken which would go in the direction which he himself had surveyed and indicated. Yet today, at a time when the people of North America and in every part of the free world are concerned as they have not been for a long time, if at any time since 1945, there are those who would create in the hearts and minds of Canadians a frenzied fear that co-operation with the United States means subordination.

It means nothing of the kind. When I hear hon. gentlemen opposite talk about subservience to the United States I ask them to look at the pages of history. What party was it that stood at all times for a Canada independent and within the commonwealth, or within the British empire as it was? During the years we took that stand, and that was our stand at all times; the necessity for Canadian sovereignty within Canada, and particularly maintaining a sense of international responsibility. The hon. member for Dufferin-Simcoe (Mr. Rowe) was in this house and the hon. member for York East (Mr. McGregor) was in this house in the days when the party opposite sat over here and said, do not take any stand against the United States; do not do anything that might annoy them. Now they have suddenly become the champions of Canadian sovereignty. What about the stand taken for years and years that you should not at any time stand up for an assurance of equality?

I have always been very strongly Canadian, and I say this, sir. If anyone endeavours to suggest to me and give the Canadian people the idea that joining together for our salvation and survival, whereby each recognizes that the other is a partner—which is the only sensible way to survive—means that we are turning over this country to the United States and allowing it to be dominated by the United States, then I say that suggestion is not in keeping with the seriousness of the situation with which we are faced. I say it is the best way that we can look forward to tomorrow with a reasonable degree of hope.

Yes, they appear to fear the erosion of Canadian sovereignty. Is there any loss of sovereignty by reason of the fact that we fail to continue to produce an aircraft whose outermost range at subsonic speed is not more than 500 miles and at supersonic speed is about three-quarters of that distance? Let us face the situation as we see it. Let me assure the house and the country that this government has been solicitous for and outspoken against anything in the nature of an invasion of Canadian rights since we took power.

As a matter of fact we have been pictured as being anti-American, at least I have. However, that is not true, because I am pro-Canadian. We believe that Canadian sovereignty must be maintained; that is of the essence. Is there any loss of sovereignty in the United Kingdom? Have they ever talked such nonsense over there, even with United States troops on their soil from time to time, and with United States defence establishments there? Have the other NATO countries ever talked in this way? Is there any subordination of sovereignty there? This is the only course. It would be very wonderful for Canada to say, all alone, "Here we are, sovereign in our own domaine alone". There is no sovereignty, Mr. Speaker, without survival; that is the essence of the course we have taken. There is assurance that our northern areas shall be preserved.

My hon. friends opposite talk about sovereignty and express in lachrymose terms their feelings over the loss of sovereignty. What government was it that brought back to Canada sovereignty over the D.E.W. line? It was the government of today. My hon. friends opposite; did they ever talk about the loss of sovereignty when they allowed the United States to build these vast establishments in Canada, on Canadian soil? Were they shocked, as they pretend to be now, by the division of responsibility and the division of cost as between Canada and the United States when the mid-Canada line and the Pinetree line were built? Let us view this matter with objectivity and without emotional inaccuracies such as the hon. gentleman and those associated with him opposite have shown in the last few days. I believe that the United States must be made to realize, and I welcome the fact that hon. gentlemen opposite have joined with us in this regard, that Canada and the United States are partners. We demand as of right the exercise of those things which are incidental to the fair and proper discharge of a partnership.

That brings me to this question. How often have gentlemen opposite laughed when we talked of plans for northern development to secure the northern areas for Canada so that they would not be lost. In the last few weeks something of that development plan which was scoffed at, the design of which was to improve the economic future of Canada and also preserve those areas for our defence, has been shown to be achieving fruition in the events which have taken place in connection with those vast mineral and oil areas which are today being taken up. Having said that, may I now say I believe most strongly that we intend to continue to assert unswervingly that we shall have for Canada a fair, full and equal participation in all decisions which go to our common defence. We want the assurance, too, that defence dollars will be spent in Canada in a fair and proper division. Those assurances we have asked for. Those assurances we have not achieved as yet in their entirety; but certainly the events of the last year indicate that as a result of the stand we took a committee has been set up by the United States congress, as well as a committee of ministers. Meetings of those committees are designed to assure that degree of consideration which each partner has the right to demand from the other.

Then we are accused of having contributed to the erosion of Canadian sovereignty. That sovereignty, as I see it, has two aspects: The maintenance of the sovereignty within the framework of our NATO defence, and offensively it consists of seizing the opportunities to maintain and assure our de facto sovereignty over the whole northern area. Do United States bases in Canada derogate from Canada? Is Newfoundland a subject province because it has one or more United States bases there? Those bases are of essence of survival and today maintain the bulwark of our eastern and Atlantic defences. Surely we should not endeavour to fan the fires of fear in the hearts of Canadians when co-operation such as is taking place is of the essence for our survival. The people who say that we

raise these fears today only a few years ago said "Do not provoke the United States. Do not raise any objections." From the time this government assumed power we have pressed, we have contended, and in many cases we have secured what we were asking for, not always in whole but certainly in part; and I am going to come in a minute to what the hon. gentleman himself said in this regard.

As far as NATO and our continental defences are concerned, we take the stand—we have no reason to take other—that our actions within the continental context of North America are all within the contemplation of NATO. All of them have the approval of the NATO organization. I think one of the better editorials on this question of sovereignty was that in the Toronto *Telegram* of February 24, when it said this:

> The charge that cancellation of the production contract for Arrow aircraft involves any degree of surrender of Canadian sovereignty is wholly wrong. It is farfetched beyond the limits of common sense, for the Arrow decision is, in fact, an exercise of independence by Canada without precedent in the history of our military alliance with the United States, which dates from 1940.

Then it goes on to say, however:

> Canadian security demands co-operation with the United States, and Canada co-operates in continental defence for its own benefit, and it is wise to recognize that the same motives apply in Washington.

I underline the next portion of it because this represents the facts as they are:

> The only pressure upon the Canadian government in deciding to abandon the Arrow was to serve the best interests of Canada and its defence needs. There is no suggestion of outside pressure, no reason to argue that Canadian sovereignty has been in any way prejudiced.

Then it went on to deal with the question to which I now want to refer, the question of production. That was dealt with at length by both hon. gentlemen, and there are only one or two matters I will refer to in that connection. However, we have been speaking of the economic co-operation agreement between Canada and the United States, which is dated October 26, 1950. This document, which all hon. members have, sets forth the principles for economic co-operation. The arrangements worked out under the Hyde Park agreement proved so successful that when international conditions again appeared threatening the joint United States-Canada industrial mobilization planning committee was established on April 12, 1949, to make plans in case joint action should again become necessary. The document goes on to say:

> It is agreed, therefore, that our two governments shall co-operate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be co-ordinated for the common defence and that the production and resources of both countries be used for the best combined results.

Then it sets out the principles which are established for the purpose of facilitating these objectives:

> —the two countries shall develop a co-ordinated program of requirements, production, and procurement.

What else have we done but carry out in that particular—I will deal with this later—the agreement entered into by the government of which the hon. Leader of the Opposition (Mr. Pearson) was a member? Then, secondly:

> To this end, the two countries shall, as it becomes necessary, institute co-ordinated controls over the distribution of scarce war materials and supplies . . . To the extent possible, there shall be consultation to this end prior to the institution of any system of controls in either country which affects the other.
>
> In order to facilitate essential production, the technical knowledge and productive skills involved in such production within both countries shall, where feasible, be freely exchanged.
>
> Barriers which impede the flow between Canada and the United States of goods essential for the common defence effort should be removed as far as possible.

I point out that oil was mentioned today, as was the protest that we made. When the hon. gentleman opposite was among those formerly in power that particular provision was evaded, or avoided in operation, by the United States. We have taken the stand that joined together in defence, the economic strength of each of us must be maintained, and by—

Mr. Pearson: Mr. Speaker, may I ask a question. In dealing with oil, the Prime Minister (Mr. Diefenbaker) said that this particular provision was evaded by the United States when we were in office.

Mr. Diefenbaker: Avoided in operation.

Mr. Pearson: Avoided. Would he point to any occasion when these restrictions were in operation while the previous government was in power?

Mr. Diefenbaker: I did not say that. I mentioned that oil was one of the materials; but under the former government there were other minerals and materials and protest was made to the United States.

Mr. Pearson: Would the Prime Minister mention any of the other materials?

Mr. Diefenbaker: At the moment I am unable to indicate the exact ones, but I have a list of them available. It covers agricultural products and other commodities, and I will give it to the hon. gentleman. And when we

asked Mr. Howe in the last Liberal government whether any protest had been made, we were told: we sent them two protests.

Mr. Pearson: Protests against what?

Mr. Diefenbaker: Against the United States closing out certain commodities.

Mr. Pearson: What commodities?

Mr. Diefenbaker: Well, as I said a moment ago, I can look this up, and I will place them on the record since the hon. gentleman has probably forgotten. We asked what protests had been made, and Mr. Howe said two protests had been sent. And when we asked what replies had been received, he said: there were no replies, the protests were not couched in a language which demanded a reply.

Mr. Pearson: I think I can help the Prime Minister. The protest he is talking about was against the export of barley that went into rye whisky in the United States.

Mr. Diefenbaker: Oh, it was more than barley going into rye whisky. I will give the hon. gentleman the list.

Now we come to the question of United States-Canadian co-operation in cost sharing, and how well the hon. gentleman did when he and his friends were in office. I mentioned a moment ago that when the United States was closing its markets to Canada the protests which were made were ineffectual. In addition to that, in connection with co-operation in cost sharing, what did the hon. gentleman say on August 8, 1958:

> I think we may have great difficulty in getting the United States to participate in all of these Canadian developments—

Mr. Pearson: What page?

Mr. Diefenbaker: From *Hansard.*

Mr. Pearson: What is the hon. gentleman reading from?

Mr. Diefenbaker: Page 3229.

> —in view of the fact that we will be reminded that they are spending $40 billion on defence this year.

Then he went on to say as reported at page 3230:

> It does raise the question whether Canada can afford this kind of participation in collective defence—I know also from my own experience in the past that when we tried to get the United States interested in the CF-100 some years ago at a time when the CF-100 was admitted in Washington to be certainly the best all-weather fighter on this continent, we made no progress at all.

Yet the hon. gentleman says there is something wrong with us. He says: you should learn from us how to succeed. And only yesterday, it will be remembered, the hon. gentleman was telling us what we should have done about the CF-105. The Minister of National Defence and the Minister of Defence Production showed that we endeavoured. We tried. But the hon. gentleman would lead the Canadian people to believe that had he been in our position he would have succeeded. But what did he say on August 8? He said this:

> I believe the minister will be having the same trouble with the CF-105.

So much for the kind of speech the hon. gentleman made yesterday. In order to follow that speech and appreciate it fully I ask all hon. members to read the unrevised edition of *Hansard* of August 8, 1958 in which they will find most of the answers to most of the questions the Leader of the Opposition raised in this debate.

The Leader of the Opposition complained that we are co-operating on a continental basis. And yet he said on that same day in August:

> We should try to get the United States to recognize the importance of co-operation by encouraging this kind of development in Canada, not on a national but on a continental basis.

I ask the hon. gentleman this: when he and his colleagues were entering into the NATO agreement what arrangement did they make? Yesterday the hon. gentleman led us to believe that when we entered into the NORAD agreement we should have secured certain promises from the United States and an undertaking that there would be a sharing of defence production. I ask the Leader of the Opposition this: was anything like that done when Canada entered into NATO? We have made it clear to the United States that sharing in production is mandatory, and that Canada will not be satisfied with promises. We shall insist on our fair share of production and cost sharing in production, because in so far as cost sharing is concerned it has its place in co-operative defence, and as well do we insist that production sharing shall in no way be reduced but allowed very materially to increase to the end that fairness and consideration may be given to Canada, because a partnership will not work if one has the loaf and the other has the crumb. Yet that is the situation which apparently has existed for some years if regard is had to the speech delivered by the hon. gentleman on August 8 last. Since we have been in power we have pressed unceasingly for the assurance of a fair and reasonable share in arms production.

Mr. Chevrier: May I ask the Prime Minister a question? Does he think that the cost sharing ideas laid down in the document which was read by the Minister of Defence Production will work to the end which the Prime Minister has just mentioned?

Mr. Diefenbaker: That is its purpose. That is what we intend. That represents our desire and determination to assure the achievement of that object. But the hon. gentleman knows, having been connected for so long with government as well as with the St. Lawrence waterway, that some of the objectives in written form are not always completely achieved when the time comes for concrete results.

Mr. Chevrier: May I tell the Prime Minister that Canada got all it asked for with reference to the St. Lawrence seaway.

Mr. Diefenbaker: That is not what the hon. gentleman said the other day when he was defending himself.

To proceed further, the Leader of the Opposition indicates that it is his belief—and it is shared on this side of the house—that there should be no subordination of Canada to the United States in the field of defence production and planning. That is what we believe, and that is what we are working for. That is the purpose of the arrangements we have entered into, and I am glad to be able to quote for the benefit of the Leader of the Opposition that what we did in connection with the Bomarc and Sage had his blessing in theory though it was condemned once implementation took place.

Mr. Pearson: It was the way it was done.

Mr. Diefenbaker: The hon. gentleman says: you did what I wanted but you did not do it in the way I wanted it done. Now we have the answer officially—you were right in what you did but you did not do it in the way we would have done it. Now we have at least removed some of the underbrush.

May I go on further? The hon. gentleman would have us believe that the defence policy for Canada has collapsed under this government, that it is uncertain. I should like the hon. gentleman to look at what some of the major critics have had to say about this; the ones members of the opposition used to quote but do not quote nowadays. General Macklin said: "I condemn the Conservative party for following the defence program of their Liberal predecessors." That is what he said the other day. He says we are wrong because we have the same objectives as the Leader of the Opposition and his colleagues had.

I should like to refer to this because occasionally what one has said on a previous occasion provides interesting reading and that is why I want the hon. gentleman to recall what he said on August 8. My hon. friend said today that when his government was in power Canada stood strongly. But what did General Simonds say? I refer to the article in *Maclean's* magazine, issue of June 23, 1956, written by General Simonds at a time when he had only recently been appointed chief of staff as excerpts from it appeared in the *Financial Post* of June 15, 1957. General Simonds said:

> There is no facet of our national affairs in which the stamp of colonial mentality remains so deeply imbedded as in that of our national defence.

That may have been true in 1956 but it is not true today.

Mr. Pickersgill: Mr. Speaker, would the Prime Minister permit a question?

Mr. Diefenbaker: Yes.

Mr. Pickersgill: Will the Prime Minister read what General Simonds said over the weekend about the defence policy of the present government?

Mr. Diefenbaker: I was going back to the days when hon. gentlemen opposite formed the government because we were told yesterday how different things were then and how the former government stood for Canada's rights. May I point out that it stood in the manner that Mr. Mackenzie King enunciated as the battle cry of the Liberal party, "Do not provoke; we do not believe in provocation, we believe in co-operation based on proper sharing."

The statistics that have been placed on the record indicate that since the present government has been in office, while it has not achieved everything by any means it will never be satisfied until it obtains for Canada a much larger share than Canada has today. The record indicates that Canadian expenditures in the United States have decreased since this government came into office. On the other hand the United States expenditures in Canada have increased. In 1957 and 1958 United States expenditures in Canada exceeded Canadian expenditures in that country by $20.6 million and $16.8 million respectively.

Mr. Pearson: Mr. Speaker, would the Prime Minister put on the record the expenditures made by the United States in Canada during the six years before his government came into office? I refer, of course, to defence expenditures made in Canada by the United States in the six years before his government came into office compared with the expenditures placed in Canada during the year 1958?

Mr. Diefenbaker: I am glad that the hon. gentleman is looking for information of a dependable character.

Mr. Pearson: Five hundred million dollars as against $40 million.

Mr. Diefenbaker: I should be pleased to give him the exact figures year by year but

they have already been placed on the record and I suggest therefore that the hon. gentleman read the record and examine the information placed on *Hansard* yesterday by the Minister of National Defence (Mr. Pearkes) and the Minister of Defence Production (Mr. O'Hurley).

I shall say no more at this time except to express the purpose of this government. Our purpose is to ensure that in no partisan way Canada will have that defence which her financial situation will permit, her international responsibilities demand and which co-operation and partnership should ensure. I suggest to my hon. friends opposite that it is really nonsense to endeavour to lead the Canadian people to believe that in following his suggestions with respect to the Sage and the Bomarc we would be following a proper course for Canada. Having regard to the seriousness of the awful potentialities inherent in the defence policy of a nation this government will follow a course of national survival —and I emphasize national survival—that will assure our national sovereignty and the attainment of our national destiny.

That is the course we have taken. I will not say we shall always be right because since 1945 no government, no minister of national defence and no prime minister in any of the countries of the free world that I know of has been able to look ahead and say, "this will be the course." The munitions planned in 1947, 1948, 1949 and 1950 have had to be discarded. The aircraft of that day which were regarded as the ultimate in all perfections have become obsolete. What we have tried to do and what our plan remains is to take the role of full partnership and responsibility here in Canada and to work with the United States whose strategic air command represents the only hope we have of a deterrent. We intend to work with the United States without in any way surrendering our sovereignty. We will work with the United States in the same way as the United States and Canada work with all the other countries of NATO on the continent of Europe to the end that in a spirit of unity and a common dedication of purpose we shall be able to assure to this and future generations that freedom which we inherited.

Hon. Paul Hellyer (Trinity): Mr. Speaker, we heard this afternoon a very learned discourse on external affairs. One might have thought that we were back in the debate of Thursday last and that the Prime Minister (Mr. Diefenbaker) was participating in that debate. The subject we are supposed to be discussing this afternoon is that the prolonged delay of the government in determining air defence policy and planning in co-operation with our allies is preventing the effective use of Canada's defence production facilities and manpower.

The Prime Minister seems to have learned one thing very well from the Russians, however, and that is: bluff as long as you can and when the heat is on adopt a diversionary tactic, fly off on a tangent, take off in some other direction of emotional inaccuracy.

Mr. Pickersgill: The Prime Minister's own phrase.

Some hon. Members: Who wrote this speech?

Mr. Hellyer: The Prime Minister spoke about the terrible situation in which the world finds itself and that is indeed true. All of us, he said, are agreed that an adequate defence is necessary. He went on to say that any disagreement was as to the course we should take to maintain that defence without causing national bankruptcy. Mr. Speaker, the national bankruptcy of this government came before its decision to discontinue the Arrow not because of it.

Mr. Fraser: I thought there was a rule against reading speeches.

Mr. Hellyer: Later on in his speech this afternoon the Prime Minister spoke about production. The best production we have seen since his government took office, unfortunately, is the one he put on in the house this afternoon. One thing the Prime Minister has not learned from the Russians is that you cannot bargain with them unless you are as strong as they are. In this framework I should like to discuss the amendment before us. Our amendment condemns the government for its lack of a defence policy. Nothing that has been said in this debate has been the least bit reassuring to us. On the contrary, the government has by its very contradictory statements affirmed our belief that it does not know in which direction it is headed.

The government has found difficulty in making decisions and in formulating a defence policy. It has made some decisions since it took office however and a brief review of those may be in order. One of the first was to cut out many of the building projects in the summer of 1957, hangars, runway extensions, and so on, particularly affecting the Atlantic provinces. Those were cancelled abruptly. That decision was not made by the chiefs of staff but by the Minister of Finance (Mr. Fleming). The chiefs of staff were not given a chance on that one. Later in the year, when the government realized how badly it had miscalculated the Canadian economy and the bread lines started growing, many of the same projects were reinstated as a crash program in November;

reinstated, I might add, with considerable pomp and ceremony as a part of the great billion dollar vision.

Another early decision was the cancellation of the CF-100 Mark VI, which was an improved version of the Canuck, a more powerful aircraft, to be equipped with an air-to-air missile capable of dealing with some of the more recent Russian bombers. We do not know who made that decision. Probably whoever it was had some help from the Minister of Finance. In any event, the decision not to proceed might have been rationalized at the time on the basis that the Mark VI was soon to be superseded by the Avro Arrow.

Another decision that was made was a very major one, namely to integrate Canadian air defence squadrons with NORAD under NORAD command. From a military standpoint there is no doubt that this decision was the right one. From the standpoint of the supremacy of parliament and of the sovereignty of Canada it was a fateful day. As the Leader of the Opposition (Mr. Pearson) said yesterday, that was the time to sit down with the United States and iron out in advance all of the many implications and to determine from them what role Canada could play in the partnership and particularly what our share of mutual defence production requirements should be. We are told that that decision was taken by the Prime Minister and the Minister of National Defence (Mr. Pearkes). We also understand that they did not even refer the matter to cabinet.

Mr. Pearkes: You know that has been denied in the house.

Mr. Hellyer: I did not know but I will accept the minister's correction.

Mr. Martin (Essex East): No cabinet minute was produced.

Mr. Pearson: There is no cabinet minute on it.

Mr. Hellyer: They did not discuss the matter with parliament, as they should have on such an important question as placing Canadian squadrons under a United States air force general. That gives us some clue to the manner in which decisions are made by this government.

Mr. Aiken: Mr. Speaker, on a point of order—

The Acting Speaker (Mr. Rea): Order. I understand the hon. member for Parry Sound-Muskoka is rising on a point of order.

Mr. Aiken: It has been mentioned several times since the hon. member for Trinity has risen that he is reading his speech. I think you should ask him, sir, not to read his speech verbatim.

Mr. Martin (Essex East): Mr. Speaker, I am sure that on reflection the hon. gentleman will realize that the Prime Minister has just made a very important statement, in many parts of which, as the house knows, the Prime Minister followed a text very closely.

Some hon. Members: No, he did not.

Mr. Martin (Essex East): Now the hon. member for Trinity is speaking on behalf of the opposition immediately after the Prime Minister. He is following his notes with great care, as under the circumstances he should. I am sure that in the light of the fact that he is now following the Prime Minister no one would want to disturb the method used by the hon. member for Trinity in making his reply.

Mr. Pallett: Who wrote the speech?

Mr. Hellyer: Mr. Speaker, I can assure you of one thing. If you would care to read my notes after I have finished you would find that what *Hansard* is recording is not nearly as close to what I have in those notes as what *Hansard* recorded yesterday of the statement of the Minister of Defence Production (Mr. O'Hurley) was to his.

Mr. Pearson: Every word of which was read.

The Acting Speaker (Mr. Rea): Order. Just to clear this matter up, as hon. members know the Chair only interprets the rules; it does not make them. The hon. member for Trinity has referred to the fact that he is referring to notes. The Chair will assume that he is not reading his speech.

Mr. Hellyer: Mr. Speaker, last Friday the Prime Minister announced another very important decision. He stood in his place in the house and announced that the contract with Avro had been cancelled forthwith. He did not, as he told us last September he would, wait until March 31 to make his decision.

Mr. Harkness: He never said that.

Mr. Green: That is not correct.

Mr. Hellyer: He said in his announcement last September that on March 31 there would be a reappraisal. The minister can rise in his place afterwards and read into the record the statement of the Prime Minister. It has already been put on the record in part several times.

Mr. Pearson: He was still trying to sell it in February.

Mr. Hellyer: Many Avro workers took him at his word and made plans and personal commitments on that basis because they felt

that they could rely on their jobs and their security at least until March 31, but they were wrong; they had been let down. To paraphrase many of the speeches made on the other side of the house during an earlier debate some years ago, they were sold down the river.

Well, sir, the Prime Minister did not anticipate the extent of the consequences of the short-circuit which he caused by pulling the switch on Friday morning. He seemed to be hurt as well as surprised by the fact that the company laid off all of its hourly and weekly paid employees forthwith. He should not have been surprised and he had no reason to feel hurt because the company just did as ordered by his own defence production department, and I quote:

> You shall cease all work immediately, terminate subcontracts and orders, place no further subcontracts or orders and instruct all your subcontractors and suppliers to take similar action.

"Immediately", the telegram says, at once, without delay. Last Monday afternoon we criticized the government for the way in which it had handled this whole affair. We considered it clumsy, inept and incompetent. We are now convinced that we were correct in that judgment.

The Prime Minister entered the debate and made his speech which was described by several newspaper people as one of his finest. He had made his case, with the assistance of innumerable newspaper clippings that the company should have known last September what the fate of the Arrow was and that the contract would inevitably be cancelled. He rose to new heights of oratory, and one member of the press gallery said that he should be given a clean bill of health. Before agreeing with this, Mr. Speaker, it is necessary to consider his responsibility in this matter.

Let us assume that the Prime Minister was correct in his opinion and that he had made the case that the company should have known since last September that the contract was to be cancelled. If he was correct and the company should have known, then the Prime Minister must have known. Surely that much logic is not unreasonable. If the Prime Minister had his mind made up last September and the decision was a military one as he asserted, he should have cancelled the project then and saved Canadian taxpayers $100 million. The only possible excuse under the circumstances for delaying the decision to February, 1959 would be the use of the intervening five months to find some alternative to keep the scientific, engineering and manpower potential of the plant usefully employed. That was not done.

So the decision was announced abruptly and without any apparent solution being put forward by the government. Actually the search for an alternative plan should have started long before last September. In the light of what the Prime Minister and the Minister of National Defence have told us during this debate and a week ago yesterday, they knew of these great, far-reaching world events. They knew they might have to change their course of procedure. They knew that great things were in the offing and they should at that time have considered the possibility that they might later cancel the Arrow contract and what that would mean to Canadian defence, what it would mean to Canadians as individuals and what they would do in the event that the contract was cancelled. But apparently nothing was considered before last September.

It was not enough to send teams to the United States and to the United Kingdom to visit plants and to explore the possibility of getting some part of the production of these plants for Canadian factories. Surely, Mr. Speaker, it could not be reasonably expected that plants in the United Kingdom and the United States would give up some portion of their contracts when there is already considerable unemployment in those countries. Surely this is a matter which has to be settled at the ministerial level or even at the prime ministerial level. It is not a matter which can be settled by teams visiting plants in other countries, necessary though that may have been for purposes of reconnaissance. Production sharing is something which can only be determined at the highest governmental level and it is something to which the government should have applied itself.

In his speech last Monday the Prime Minister mentioned his world tour. We had no objection to his making that trip. As a matter of fact, we were pleased that he should travel around the world, visit various countries and find out at first hand how highly Canada is regarded in all the countries of the world, a condition that came about under the previous administration and largely through the good offices of the present Leader of the Opposition. We had no objection, as I said, to the Prime Minister taking that trip. What we did and do object to is the fact that before the Prime Minister went on the trip he did not make some of the important decisions facing the country at that time, decisions which would have such a great influence on the future of Canadians generally and which were left in abeyance while he was away. The people left in charge either were not competent or not able to deal with

them in the interim. Surely such grave decisions should not have been left in abeyance for so long.

One place the Prime Minister did not visit was Washington, and that is one place where we think he should have gone. We think he should have gone to Washington and stayed there until he had come to some satisfactory agreement with the government of the United States. He should not have taken any fast brush-off. He should have sat down with his counterpart in the United States and the officials there and worked out some satisfactory system for the mutual defence of the North American continent and for production sharing between our two countries, including sufficient developmental work for Canadian scientists, engineers and our creative capacity here. He did not take advantage of the five intervening months.

Contracts for Bomarc wings and other things were mentioned by the Minister of Defence Production. Incidentally, when he made his statement to the house I thought I heard him refer to some sports equipment that was to be Canada's share of production in respect of the Bomarc installations. I notice it is not in *Hansard*. I do not know whether it was in the minister's original text.

Mr. O'Hurley: Mr. Speaker, there was no allusion whatsoever to any sports articles in the statement.

Mr. Hellyer: I am glad to hear that because it seemed rather symbolic that our share of defence production was to be hockey sticks and footballs.

Mr. Churchill: On a point of order, Mr. Speaker, under these circumstances and having regard to the explanation made I think the hon. member should withdraw his remark.

Mr. Hellyer: I accepted the minister's statement. I was not the only one who heard it.

Mr. Churchill: On a point of order, the minister has made his explanation. He stated that these remarks were not made in his speech and the hon. member is now trying to insert them into *Hansard* as if they had been. He must accept the minister's explanation.

Mr. Hellyer: I said that I accepted it.

The Acting Speaker (Mr. Rea): Order. As the hon. member for Trinity knows very well from his long experience in the house, he must accept the statement of another member and not question it after it has been accepted.

Mr. Hellyer: I did not question it at all. As a matter of fact, hon. gentlemen opposite were making so much noise at the time that the hon. member for Bonavista-Twillingate and myself could not hear properly what was being said on the other side of the house.

The Prime Minister did not cancel last September and has no results to show for the $100 million which have been spent in the intervening five months. He did make it clear, however, that the decision was a military one. Yet the Minister of National Defence tells us that last fall he was still trying to sell the Arrow to the United States and that several attempts were made in this regard. As he said in the house and on television, he did not get the final word from the United States air force through the defence secretary until the NATO meeting in December. That was the first time he got a categorical no.

Similarly, the Minister of National Defence told us last Monday and again yesterday that additional attempts had been made to sell the aircraft to the British and that the final answer from them that they had no requirement for it and would not be able to purchase it was received only a few days ago. Surely the government would not have had the temerity during these intervening months to try to sell to the Americans and the British a plane which was not satisfactory or which was useless. It is just unreasonable to assume that they would.

Another question mark caused by the statement of the Minister of National Defence arises from the fact that he said in the house that preparation of the white paper could not be started until last week when the decision respecting the Arrow was made. If the Prime Minister knew, last September, that the contract was going to be cancelled, then the Minister of National Defence must have known and there is no reason whatsoever why the white paper could not have been ready and presented in the house at the same time as the Prime Minister's statement. Furthermore, we would have expected that the theory of national defence as the government sees it would have been laid down in the white paper and that the decision to cancel the Arrow would have been made in the light of that theory, not that the decision to cancel the Arrow would be made first with the theory of the white paper then having to be rehashed and made to fit the decision which the government had taken.

We think that the white paper must be almost ready now. We hope it is because it certainly sounded yesterday as though the Minister of National Defence was paraphrasing some of it as he spoke to the house.

Mr. Martin (Essex East): I hope it is going to be simpler than that.

Mr. Pearkes: That is a good one.

Mr. Martin (Essex East): We want it to be simpler than that.

Mr. Hellyer: This evidence would lead us to wonder whether the decision was a military one or whether in fact it was an economic one. The government's repeated efforts to sell the plane during those intervening five months since last September inferred that had substantial orders been obtained from Britain, the United States or some other source production would have been proceeded with rather than cancelled. However, that is a horse of a different colour or, as the Prime Minister said this afternoon, it is not the horse's colour but a different part of his anatomy.

It is possible, too, that as a result of the way our economic affairs are being managed we are not able to spend as much money on our defence as formerly. The blunt refusal of the Minister of Finance to provide sufficient funds for both a manned interceptor and other defence requirements left the chiefs of staff with no alternative but to advise as we are told they did. The statement of the Minister of National Defence yesterday afternoon was not very reassuring. In every debate there seems to be some ludicrous inference. In this debate the most incredible inference is the suggestion that whereas the CF-100 interceptor is not obsolete, the CF-105 is and that is the reason it is not being put into squadron service.

The minister told us the CF-100 would not be obsolete so long as Russian bombers existed. This statement is in *Hansard* for yesterday in case the Prime Minister wishes to find it. So long as there is a Russian bomber capable of coming here and back, the minister said, or even capable of coming one way we must keep our CF-100's and Bomarcs. This suggestion should not be allowed to mislead the Canadian people. The CF-100 Mark V is not now capable of dealing with the latest Russian bombers. In not too many months, if the Russian bombers carry air-to-air guided missiles, the CF-100 will be nothing but a sitting duck. At such a time the whole fleet, with its present armaments, might just as well be put in moth balls. We will then be completely defenceless against both manned bombers and missiles. Two weeks ago we were well on the road to having at least some defence against the former, but now we have decided to ignore both.

If, as the minister said, there is a continuing threat against the United Kingdom from the manned bomber we might expect there would be a similar threat against the North American continent. Indeed, the minister reinforced this view with a statement yesterday when he said that the reason we are introducing Bomarcs, just as the United States is, and are keeping our interceptor squadrons in service is that if we are attacked the Russians would use, in addition to the missiles that they have available, such aircraft as they could reasonably divert from other targets, and which might be used against secondary targets. Surely, some of our Canadian targets would qualify as secondary targets.

The United States Bomarc line, which includes two stations to be built in Canada, is not designed for the defence of Canada. It is designed for the defence of the United States and that, as the minister well knows, is the reason it is intended to stretch across the northernmost part of the United States. The only reason we have two stations is that the southern parts of Ontario and Quebec jut down below the 49th parallel, and the line cuts right through. There was a discussion earlier, before this government took office, of the possibility of moving the whole line 300 or 400 miles farther north in order that it might play some part in the protection of Canada. Surely that would have been something the government might have considered and might have pressed on the United States so that we would have, in fact, some defence for our western Canadian cities. Then, too, there would have been some defence against bombers before they got close enough to float guided missiles into our Canadian targets, and any planes knocked down by the United States Bomarc squadrons would fall in less populated areas rather than over our southern towns and cities.

Mr. Churchill: Did I understand the hon. member to say that prior to his government leaving office they were considering establishing Bomarc launching sites in Canada?

Mr. Hellyer: That is correct. If we had truly co-operative continental defence a point further north would have been the place to put the Bomarc line, and that was being actively considered and is something for which I think we might have pressed.

Mr. Churchill: You were going to place reliance on the Bomarc?

Mr. Hellyer: That is not what I said. All I said was that the matter had come to the attention of the Canadian authorities through the regular channels before our government left office.

Mr. Pearson: It was being considered.

Mr. Hellyer: The minister told us yesterday very gravely that if we let our armour down, and then he paused before continuing as if to say that the government would be held

responsible, but instead he said that there might not be many left to blame. That is precisely what we are doing. We are letting our armour down. We have decided, for the moment at least, to pursue a course of no defence at all. The United States Bomarc stations below the 49th parallel will not protect our western cities from air-to-ground missiles, notwithstanding the minister's assurance. The minister concluded by saying that in respect of national defence policy, there was no confusion. Well, certainly not, Mr. Speaker, because there is no policy and it is axiomatic if there is no policy there is no confusion. However, the Canadian people may be forgiven for being somewhat confused.

The Prime Minister, during a visit to Toronto in 1957, condemned as unjust and untrue propaganda a story that the Conservatives, if elected, would reduce military power. He went on to say that this report was false in every particular and had no basis in fact.

Mr. Diefenbaker: From what is the hon. gentleman quoting?

Mr. Hellyer: It is from the report in the Toronto *Star* of May, 1957, following a meeting in Toronto. The Prime Minister seemed to be more aware of the need then than he is now or than he has been since he took office. The defence estimates for 1959-60, including mutual aid, are reduced by some $182.4 million. Our share of the burden of defence, already less than some of our allies are called upon to bear, is being reduced. We are, apparently, going to be content to ride on the back of the United States people, and lose our right to a strong voice on the problems of joint concern.

This is a very grave situation. One thing that has resulted from the debates of last week is that the government has given us much more information than previously, and I think that is good. It gives the public and members of parliament a chance to consider defence in the light of this additional information which was very much needed.

Now, important as the Avro decision is, it is but a part of the greater picture, both of military defence and defence against encroaching ideologies. There are hundreds of thousands of Canadians from coast to coast who have been out of work for weeks and months. They, too, have an urgent requirement, the requirement of useful employment to provide themselves with a living and a chance to contribute their share to the collective strength of the Canadian nation.

To sum up, Mr. Speaker, I should like to come back to our original contention. We turn to the central tragedy of the whole situation. First, we are to have no defence except that which the United States chooses to give us. We should have obtained their co-operation instead of just leaving it to them. Incidentally, the Prime Minister said that without co-operation there cannot be survival either for Canada or the United States. Fair, full and equal decisions in all matters concerning common defence, he said, must be ours. We must join together for common survival. Well, that is right, Mr. Speaker. We must join together, but joining together with the United States for survival should not place this country in the position in which we find ourselves under the present government. We do not have the joining together of a marriage as partners but rather a joining together in a similar way to that in which Jonah joined the whale.

Secondly, we have more unemployment to add to that already very vexatious problem. Thirdly, we have dissipated much of the potential of providing ourselves with any future defence. This is not Canada's destiny as outlined to us by the Prime Minister. In the statement of the Prime Minister last Monday he blamed the military decision on the chiefs of staff and the mass lay-offs on the company. This is getting to be a habit. He blames the deficit on the Liberals, the unemployment on the international situation, the military decision to cancel the Arrow on the chiefs of staff, and the mass lay-offs on the company. One might be forgiven for wondering if it is always true—

Mr. Pearkes: Mr. Speaker, on a point of order, the Prime Minister never blamed the chiefs of staff at any time.

Mr. Hellyer:—that the blame lies elsewhere.

Mr. A. R. Smith (Calgary South): Mr. Speaker, I propose to take just a few minutes of the time of the house to deal with an area which has been, to some extent, covered, but after the third day of debate on this subject it is difficult not to be repetitious. I do not propose to comment on the hon. gentleman's remarks or his address, but he does speak of confusion. If ever we listened to a confused contribution, it was indeed his.

This attempt by the opposition, who live in two worlds, to offer a series of contradictions one after another was clearly nailed to the cross by the Prime Minister (Mr. Diefenbaker) when he read back the remarks of the Leader of the Opposition (Mr. Pearson). The people of Canada can judge fairly whether the opposition desire to make a constructive contribution to this defence debate or rather are merely taking the position of someone who has been struck down in a motor accident and, looking through the bandages in his bed, just argues that he really did have the right of way after all. I suggest, that the several

speeches we have heard today which combine in an attempt, first of all, to suggest that we should live beyond our means with equipment which is not suitable for our defence, and, secondly, to create animosities with our partner, the United States, are indeed of great disservice to this country and to this country's defence program.

We have heard much of this question of sovereignty as though it were something the opposition had all of a sudden just discovered. The objective of co-operation with the United States in both peace and wartime has been something which we desired and have worked for for many years. Those in this house who served overseas well remember the days when our fighter squadrons accompanied many of the U.S. B-17 squadrons when they took part in actions which were an integral part of defence under a United States general. They will remember the work which our transport command did in carrying services and supplies in their behalf. They will remember the bomber units which together functioned as an integral part of the defence of Europe, and there was never any question of sovereignty at that time. We were operating as partners in defence of a country, and in opposition to a common foe. It will be said today, of course, by those in opposition that that was in wartime. I suggest that that is no argument. It is purely academic, because today, with the emergency of the situation which we see in front of us, we cannot afford to sit down and disagree on what is going to be a Canadian proportion or a United States part of an operation: We must work it out as a joint enterprise as we did in two great wars.

Let us look at past history for just a moment where our co-operation in more recent times has also been well established. It has been said in this house by the Prime Minister —I am sure there will be no opposition to this sentiment—that the United States strategic air command has to a very substantial degree been the one dominant factor which has maintained peace in the world over the last few years. This is a body whose striking force and retaliatory power has made war so terrible that it has maintained the peace. This is the first and foremost defence against war, and on the basis of determining future policy we entered into an agreement with the United States which we know as NORAD. I do not intend to repeat the arguments which have taken place in this house other than to say that there was certainly no reticence on behalf of the opposition as to the need for an agreement, but I would comment on the remarks of the Leader of the Opposition who spoke of the fact that there had been a great deal of co-operation prior to the NORAD agreement. I suggest that that is not the whole case. There was a loose arrangement, but it was the NORAD agreement that laid the basis on which this partnership was to be formed. Now we find that we are in a closely knit defence alliance, one which is still providing us with the same measure and degree of efficiency of operation and, perhaps more important, an understanding in the event of an emergency, as to how best we can defend not just Canada but the continent as a whole.

I am going to make a reference to the Avro Arrow program and remind those gentlemen who were members of the estimates committee of a particular recommendation which we made when we were discussing the need, first of all, to determine whether we would be able to sell a particular weapon or go it alone on any particular weapon program. May I quote from the recommendation on page 590 of the final report of this committee. It says this:

> —with respect to further development of this portion of the defence program . . . and in view of the heavy financial burden, the committee does express its concern in the government entering into any subsequent weapon program of this magnitude without first negotiating for some cost-sharing agreement with either NATO member countries or the U.S.A. under the NORAD agreement.

I remind the house that it was in 1952 that this particular undertaking, the Arrow program, was first considered. The Leader of the Opposition suggested that some efforts were made to sell the Arrow, and he quoted from the minister's comments. He asked why it was not possible after this aircraft had reached the pre-production stage to sell it to the United States. Mr. Speaker, there is not that difference between 1951 and 1958 that the Leader of the Opposition would have you believe. First of all, I suggest that if there were any question about who had the first reason to sell this aircraft, it should have been raised in the initial stage when it was designed and we decided to proceed with it. Some four years later we find that the aircraft in its pre-production stage was ready to take its first flight, and we discover it is very limited in the field of defence to which it can make any useful contribution. Of course, the United States at this late date would be expected to say that this does not fit into the defence plans for this continent, and consequently it becomes impossible some four years later to sell it.

To return to this question of whether or not the government should have made its decision six or eight months earlier, I remind hon. members that first of all we made a contribution of $174 million toward the development of this aircraft in the course of the last session. It seems inconceivable to

me that at this stage, having paid for 36 pre-production models we should turn around and cancel this aircraft before we knew what the flight characteristics were. At that point only four had been tested. As I say, it seems inconceivable that having made the basic payment we should cancel the project without knowing what the limitations and capabilities of the aircraft were.

And now I should like to refute suggestions which have been made in some quarters with regard to the morale of the Royal Canadian Air Force. I have heard it said in this house that morale has sunk to a low point because of the cancellation of this one airplane. Like many others in this house, I have been associated for some years with this corps, and I suggest it is an insult to the intelligence of these men to say that because the Arrow does not fit into a defence program the morale of an extremely fine fighting force will be lowered. The impression has been created by some speakers that this is the end of the air force. The suggestion has been made that the force has no further objective. Nothing could be further from the truth. As hon. members know, the R.C.A.F. is maintaining a very extensive maritime command, a very large transport command and an active training command. In addition, an important contribution has been made to the training of air cadets not only within the framework of NATO but within the context of other alliances. Besides all this we are, of course, maintaining 12 squadrons abroad.

I suggest, also, that during the course of this debate on national defence many hon. members have overlooked another factor of great importance, and I refer particularly to one statement made by the Prime Minister as reported on page 122 of *Hansard* for February 20, which reads:

> The Minister of National Defence and the chiefs of staff are now engaged in further studies of the various alternatives for the improvement of our defences.

It is quite obvious that some hon. members have completely lost sight of this area of the subject. It has been suggested that because we have cancelled one aircraft we are completely defenseless. It was suggested by the hon. member who has just resumed his seat that the CF-100 is not competent to continue to perform the task for which it has been well suited for many years.

I would point out that we should not lose sight of the fact that the subject of national defence is one which has more than one aspect and that there are many important areas which should be discussed at the present time. If we are going to take an unrealistic view of our problems and develop certain sections of our defence arrangements without any recognition of changing circumstances, it would mean that a defence budget of $1,700 million would not pay for even a portion of our requirements. What we must do, and what we have done in the dropping of the Arrow program is recognize that we must spend our money in the direction in which it will produce best results, and cut our coats according to our cloth. We should not involve ourselves in defence measures which would have only a limited application, but must recognize the necessity for integrating our plans with those of the United States.

I hope to have an opportunity at a later date to discuss some of the military aspects of our national defence program, but I should like at this point to read a section of a speech which was made by the chief of the air staff at Montebello on Thursday, February 5. In the course of the speech Air Marshal Hugh Campbell said:

> In air defence, for example, we have been given the green light on two half-squadrons of Bomarc, one Sage sector and extended radar coverage. The first two of these programs call for heavy training schedules and will require substantial numbers of men to operate the equipment. The extended radar coverage to be provided by raising the capability of our Pinetree radars and by installing two new heavy radars and several gap fillers in northern Quebec and Ontario will also affect our manpower.
>
> What is much more important, however, is the increased capacity that all three programs will give us to deal with the airborne threat to North America. This threat is real—make no mistake about it—and we must be able to deal with it. The success of Sage and Bomarc installations in the United States is indeed heartening. We know that the Bomarc, operating in its Sage environment will greatly augment our air defences.

Here is a professional soldier, the senior Canadian air officer, clearly stating the advantages to be obtained from the type of defence which this government is setting up. I suggest that when those who have no particular knowledge of this subject disagree with an opinion stated by the chief of the air staff, it then becomes contrary to the views of those who are best able, through experience to speak on this subject.

I would close on the note on which I began by suggesting that this is hardly the time to concern ourselves to the extent we have about questions of sovereignty when our national survival should be our supreme consideration. Canadian sovereignty is being protected, as the Prime Minister has made clear. The present debate gives the house an opportunity to realize that we are in a very precarious position and that we must therefore co-operate with our United States partners in every way in order to provide the best defence possible for Canada, and thus be able to be in a position for many years to

continue to give our co-operative defence with that country. I hope that when this debate is concluded the impression will not be left abroad that we have taken time in this house to argue, to the exclusion of everything else, matters to which the Canadian public has for years given its approval. The public realizes that national defence is something which has to be co-ordinated, and that is the action we have taken.

Mr. Hazen Argue (Assiniboia): In the course of this debate speakers for the government and speakers on the opposition side as well seem, equally, to have overlooked the effect of the decision which the government has taken upon the workers involved in the aircraft industry. I believe that this question is of importance for the 14,000 people who have been laid off as the result of the government's decision, and that their fate is something which should commend itself to all hon. members of this house.

The Prime Minister (Mr. Diefenbaker) when speaking the other day attacked the company severely for having discharged its employees immediately on receipt of the telegram saying that the CF-105 contract was being terminated. He made a big point of saying that it was not necessary for the company to discharge all its employees on receipt of this telegram. He must have been referring only to the 3,000 who are now back at work, because nothing the Prime Minister has said would suggest that the company should have endeavoured to retain 14,000 men in employment.

The question arises as to what the government's policy shall be as to employment for the men and women in this industry who are now out of work. The Minister of Finance (Mr. Fleming) touched upon this question on Friday, February 27, when he told the house that a co-operative arrangement had been worked out between the government and Avro to provide for the continued employment of a certain technical group but when the minister made this statement he also said it was the hope that the action being taken by the government would bring employment in the industry up to some 3,000. In view of the action of the government and of the company the best the minister was able to say to the house was that 3,000 might be employed in the industry. The head of the machinists' union upon learning of this statement said that in his opinion instead of putting some 1,000 people back to work the probability was that only some 250 would be employed by this means.

The company itself because of the action it has taken must bear some responsibility for the employment of 11,000 persons in this industry. But even if the industry had not had a government contract surely it is a part of government responsibility to provide employment opportunities for the people of this country. The government definitely has a responsibility and I believe the company also has a responsibility not only to its employees as such and because its employees have given the company good service for a long period of time but I feel it has a particular obligation because of the huge value of the contracts received from the Canadian government over a good many years. As a matter of fact, this company has been nurtured on government contracts. The information I have is that up to the end of March 1958, A. V. Roe and its subsidiaries had obtained the staggering total of $1,120 million in defence contracts with additional hundreds of millions to come after that date.

Mr. Martin (Essex East): What was the total for the Toronto plant?

Mr. Argue: I do not have those figures. These figures are for the company and its subsidiaries but it would be hundreds of millions of dollars, of course, because the value of the CF-105 contract itself was over $300 million. The company has done very well over the years. In the past it has bought all the stock of Canadian Car and Foundry Company with assets of more than $40 million, it has purchased a controlling interest in Dominion Steel and Coal Corporation with assets of more than $150 million and in addition to that it obtained a large interest in Algoma Steel with assets of another $140 million. The company has extended its operations and I submit it has a duty to its employees. The record of this company as far as its employees in its subsidiaries are concerned leaves a great deal to be desired. In Nova Scotia, Dosco has turned out thousands of workers from the coal mines and Canadian Car Company Limited has discharged many of its employees. I believe it is fair to ask if this company has a good labour record. That does not in any way detract from the necessity of this government taking action to see that employment opportunities are provided for these 11,000 workers as well as other workers across the country who require employment.

In this matter I would suggest a committee of this house should be established. Perhaps it should be a small one. The committee could have come before it witnesses from Avro, the Minister of National Defence (Mr. Pearkes), the Minister of Defence Production (Mr. O'Hurley), the Minister of Labour (Mr. Starr) and other ministers who have an interest in this problem. As a parliament let us see whether we can study this problem

and recommend action that will provide jobs and a livelihood for Canadians who are unemployed and out on the streets.

Mr. Martin (Essex East): Mr. Frost has done that. He has called all the best brains together.

Mr. Argue: And omitted my hon. friend? The Prime Minister made a long and energetic speech this afternoon. While he seemed to direct almost the whole of his attack at the official opposition I noticed the frequent reference he made to the subject matter of the subamendment in which it is charged that the action of the government contributes to the erosion of Canadian sovereignty. That is the question to which the Prime Minister directed much of his attention and quite properly so. That is a question that is worrying the Prime Minister. There is perhaps nobody in Canada who is better qualified to speak on this subject in view of the Prime Minister's many statements in the past than is that hon. gentleman himself.

What is the record of this government in terms of protecting Canadian sovereignty? Is it any better than the record of the previous administration? We had a case raised before the last election. The Ford Motor Company of Canada lost the opportunity of making sales of automobiles to China because of a law in the United States affecting its parent company and the parent company refused it the opportunity to make such sales. Can that company make that kind of sale today? Perhaps a better question would be this: would that company make that kind of sale today? I do not think there is any certainty that Canada has sufficient sovereignty as far as the automobile industry is concerned to have made available to it markets in China if such markets were available.

Is the China market available for the Canadian rubber belting industry? A case was brought before the house a few weeks ago by the hon. member for Vancouver East (Mr. Winch). Evidence was placed on the record that the Goodrich company in the United States refused to allow the Canadian subsidiary to sell rubber belting to China. I asked the government how its record of protecting Canadian sovereignty compares with the record of the previous government? Oh, I will admit that more statements and more noise have been made on the subject but I suggest the results have not been any more substantial.

When he was in the opposition the Prime Minister used to complain about the United States program for the export of agricultural products and he asked the Liberal government of that day to take action. What action is this government taking on this important question, I ask, when all commentators say that the United States is embarking on a program to dispose of agricultural surpluses that will be a more far-reaching program than any it has been engaged upon in the past.

What is the attitude of the United States government toward the CF-105? Speaking on this question on February 23, the Minister of National Defence, as reported at page 1279 of *Hansard,* said:

> The United States air force officers . . . are of the opinion that the F-106 fulfils their requirements rather better than the CF-105, and the F-106 would be a great deal cheaper for them than the CF-105. Prior to about 1956 we had not been aware of the fact that the United States government were going into the production of an aircraft similar to our CF-105. So again it was emphasized that the program which was being developed on the CF-105 could be altered, or if necessary abandoned, at any time.

Back in 1956, when Canada had begun the production of the CF-105, the United States, with no consideration for Canada's plants and facilities, had embarked on the production of their own F-106. I would suggest that at that time the United States showed a callous disregard for Canada which was then a part of a North American partnership, as she is today. That disregard for Canada's interests, that inability to take Canada as a full partner, has continued since that time. We have other instances in this session already of where Canada's sovereignty has been threatened. We have the instance of the Minister of Justice (Mr. Fulton) making a pilgrimage to Washington to discuss this very question. Was this government able to protect Canadian sovereignty on this trip? I do not think it is at all certain because in reporting to the house on this question, at page 619 of *Hansard,* the Minister of Justice had this to say:

> It should be realized that there was revealed in the course of these discussions, a wide divergence between our two views as to what amounts to an infringement of sovereignty and as to the restraint which one country should exercise in seeking decrees from its own courts when those decrees may have effects within another country. Until there is a satisfactory reconciliation of views on these points there can be no guarantee that causes for complaint will not arise again.

There is the statement of the Minister of Justice after his return from Washington that this whole question of infringement of Canadian sovereignty has not been solved and that there is no assurance whatsoever that the United States will not continue such an infringement of Canadian sovereignty in the future. That is why we in this group have moved the amendment saying that the policy

of this government in relation to the United States and in relation to defence "is contributing to the erosion of Canadian sovereignty".

We believe in adequate defence; we believe that our defence forces should be as effective as possible; we believe that instead of Canada having this bilateral arrangement with the United States, which is called NORAD, we should have placed NORAD under the NATO command, and that the defence of North America should directly have been the responsibility of NATO. If that were done I believe that Canada's sovereignty would have been better protected; because if Canada could sit down with the United States to discuss this matter along with other members of the NATO alliance we feel that the United States, because of our then associated strength, would have to give much greater weight to the representations that we make. We think that the Canadian government surrendered a good deal of Canadian sovereignty when it went into the NORAD agreement, as it did, without making NORAD subject to the NATO command. We say that Canada's sovereignty is being eroded today and I hope that when the vote is taken, in the light of statements that have been made in the past by the members of the official opposition and in the light of their own amendment, they will find it possible to vote for the sub-amendment that we have moved and express at least to that extent what I believe to be of very great concern to Canadians generally, namely that under this government there has been a continuation of the erosion of Canadian sovereignty.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker—

Mr. D. J. Walker (Rosedale): Mr. Speaker, I would not have thought, had it not been for the fact that my hon. friend—

Mr. Pearson: Mr. Speaker—

Mr. Speaker: I see two members on the floor. I have recognized the hon. member for Rosedale.

Mr. Argue: Mr. Speaker, if I may, I was out when the member for Trinity sat down. I apologize for not being in the house at the time and I want to be completely fair. I talked to the former occupant of the chair and he said, "If you speak first I will recognize the Leader of the Opposition when you sit down".

Mr. Churchill: An agreement, eh!

Some hon. Members: No.

Mr. Walker: Mr. Speaker, on a point of order—

Mr. Speaker: I am sorry that there has been any misunderstanding. The debate normally passes back and forth across the house and if the hon. member for Rosedale wishes to speak at this time I have no option but to recognize him.

Mr. Pearson: Of course I agree that you have not, but I think it should be made clear that I am not making my point in any spirit of complaint mind you. When the leader of the C.C.F. party came to me and asked if he could take the place in the debate that I would have taken, which would have been recognized, he said he was going to speak only a few minutes. He then went to see the occupant of the chair and I understand that the occupant of the chair said that that would be perfectly all right and satisfactory. That is the reason I rise at this time.

Mr. Speaker: Unless the house can arrange matters differently, I consider it my responsibility to recognize the hon. member for Rosedale.

Mr. Argue: Because of the former understanding I appreciate the ruling you have made but I should like to move that the Leader of the Opposition be now heard.

Mr. Green: Mr. Speaker, this is a peculiar sort of game we are up against today. Here we have this real combination working again. Now, the debate has gone backwards and forwards—

Mr. Speaker: I am sorry; this is not a debatable motion. Is there a seconder for the motion? The hon. member for Rosedale.

Mr. Walker: Mr. Speaker, we have had another exhibition today of the co-operation which exists between the two great opposition parties.

Mr. Pearson: Mr. Speaker, on a point of order, the member has no right to refer in that way to this co-operation. This was an arrangement made with the Speaker at the time. Mr. Speaker, if the Speaker in the chair had said this was irregular and that he could not recognize it, it would not have been proceeded with. It was only on the information that we got from the Speaker that the arrangement was made and the member has no right to talk about that kind of co-operation in that sneering way.

Mr. Speaker: He was out of order to refer to what had transpired immediately prior to the hon. member taking the floor. That having been settled and decided let us continue.

Mr. Walker: Mr. Speaker, we have heard a great deal during this debate about the amendment, but not a great deal has been

directed to the actual wording of the amendment that the government is preventing the effective use of Canada's defence production facilities and manpower. I have been amazed at the hon. member for Assiniboia, (Mr. Argue), in speaking to the amendment, saying that the government was aiding and contributing to the erosion of Canadian sovereignty. It appears that the hon. member for Assiniboia could not have been in the house during the Prime Minister's address because not only did he make one point but 10 points to indicate that not only has there been no erosion but that Canadian sovereignty has been enhanced greatly by the contribution of this government over the past two years.

May I say that for a long time now I have been examining the facilities of the Canadian government for defence production. What is the largest facility? It is A. V. Roe Canada Limited. Yet nobody has outlined, or sought to outline, the background, the experience and the capacities of this organization. The hon. member for Trinity has spoken from day to day as if he were almost one of that organization, so enthusiastic has he been in its support. Nevertheless I decided to do some research into Avro and come up with an answer to its present plight.

Mr. Hellyer: Mr. Speaker, the statement the hon. member has just made is incorrect and unjustified.

Mr. Walker: The hon. member for Trinity has made an interjection that has not been written for him, and it is the first statement he has made that has not made sense. I suggest to you, Mr. Speaker, that the answer can be found—

Mr. Pearson: Don't change that in *Hansard*. You said "that has not made sense."

Mr. Walker: May I suggest, Mr. Speaker, that the answer can be found not in the research I have done but the research of one who is a very great authority and a leading columnist of that paper to which all members of the opposition subscribe, the Toronto *Star*, known as the Liberals' bible and the C.C.F.'s friend. May I refer to this article, because apparently a lot of research has been done by Mr. Pierre Berton in connection with his column to be found in the *Star* on Friday last, February 27. In the first place, I asked myself, what was the inception of A. V. Roe Canada Limited?

Mr. Pickersgill: Mr. Speaker, I rise on a point of order. The hon. member is proceeding to read an article written by someone else and published in a newspaper. I believe it is a rule of the house that when an hon. member does that he has to accept the views set out in the article—

Mr. Martin (Essex East): As his own.

Mr. Pickersgill: —as his own, and I should like to know whether the hon. member for Rosedale accepts these views as his own and supports them.

Mr. Walker: Mr. Speaker, for the first time in my life I am delighted to accept views set forth in an article in the Toronto *Star*. As the hon. member no doubt knows, I have read other views expressed in the *Star* which have not always had my support. In the first place, what was the inception of A. V. Roe Canada Limited? I quote Sir Roy Dobson from Mr. Berton's article:

> "I often used to dream of a little empire in Canada"—Dobson's empire has long since become an established fact—a colossal $300 million holding company, the third largest in the land and one of the big 80 in North American industry.

Then one asks himself, and I am sure members of the house would like to know, when did this enterprise get under way?

Mr. Winch: Will you just read the article so we will know what words are from the article and what words are yours?

Mr. McDonald (Hamilton South): He can do what he wants.

Mr. Walker: In my short experience in the house this is the first time I have ever received any assistance from the hon. member for Vancouver East, who has just interrupted. Perhaps I can please him by reading many of the relevant parts but in view of the fact that I have the floor I am sure he would not mind if I were to say a word or two sometimes. In the past my hon. friend has been known to express his views and I am sure he would not mind me expressing mine.

Mr. Winch: I want to be clear when you are quoting the article and when you are expressing your own views.

Mr. Walker: Quite right. I quote:

> In the light of recent events, I think it's worth while to review this old tale once more. Dobson's dream of a Canadian empire began in 1945 when he came here on behalf of the Hawker-Siddeley group to form a subsidiary company. Hawker-Siddeley has thrived on government contracts, the kind that are procured on a non-competitive basis and wholly subsidized. It's a nice way to do business because there's no risk involved. You're sure of the money and the profit comes off the top.

Then, Mr. Speaker, the next question I asked myself was this: Where did the Hawker-Siddeley group get their capital to operate? How did they begin operations in Canada originally? For my hon. friend, I quote:

> Dobson started out in Canada by acquiring an aircraft plant in Malton without putting up a nickel. He borrowed $1,079 from the late Canadian financier, J. P. Bickell, a director of Victory Aircraft. This paid the legal fees. Then, through

C. D. Howe, he got Victory Aircraft, into which the Canadian taxpayer had poured more than $7 million. Price to Dobson: $2 million. But he didn't give Howe any money. He simply promised that he'd pay for the plant with 50 per cent of the new company's profits. No profits, no pay.

Mr. Winch: I love the quotation. That is the reason I asked.

Mr. Walker: This is now myself speaking, for the benefit of the hon. member. Where did they get their capital? I appreciate the good nature of my hon. friend in his interruptions.

Mr. Winch: Out of the Canadian taxpayers.

Mr. Walker: Very well put. My friend anticipates the *Star*. Where did they get their capital to operate? I quote:

He then got $2½ million working capital from a bank, through Bickell, and in gratitude made Bickell chairman of the board of the new company. He promised to pay this loan back with the other half of the company's profits. This is nice work if you can get it but I hardly think it comes under the heading of a gamble. It certainly has none of the uncertainty of a poker game or a slot machine or even the uncertainty involved in launching a normal business enterprise in this country.

Mr. Martin (Essex East): Would my hon. friend permit a question?

Mr. Walker: The end of this quotation is as follows:

Nor would I use the word "courageous" to describe Dobson's bargain basement deal here. "Bold", yes. But this hardly makes him the Sir Lancelot of Canadian business.

Mr. Martin (Essex East): Would my hon. friend permit a question?

Mr. Walker: That is the end of the quotation.

Mr. Martin (Essex East): He mentioned a man called "Bickell". Has he this gentleman's initials and is he the Mr. Bickell who is closely identified with the Conservative party?

Some hon. Members: No.

Mr. Hodgson: He is just as closely identified with the Liberals.

Mr. Walker: My friend, of course, is just interjecting his own particular brand of humour. He knows full well because he is a friend of Mr. Ed Bickell who is identified with the Conservative party while the one I am referring to is the late J. P. Bickell.

Mr. Martin (Essex East): I just wanted to make sure.

Mr. Walker: I am amazed to hear that because I thought my friend's new testament every morning was the Toronto *Star* from the night before.

Mr. Martin (Essex East): I read the *Globe* in the morning and the *Star* at noon.

Mr. Walker: The next question we ask as members of the house is this, and this is all very relevant to the debate. What stage of development had the company reached by 1952, for example, or 1954. Again for the benefit of the hon. member for Vancouver East I say "I quote":

One has to admit he had vision, though. And he had faith in Canada. By July, 1952, the people of Canada poured $121 million into A. V. Roe. The Hawker-Siddeley group, which was the sole owner of the company, invested during the same period $10 million. By the end of 1954, more than $480 million in public money had been pumped into A. V. Roe. The total Hawker-Siddeley investment at that point stood at just $16 million.

Mr. Winch: Isn't private enterprise wonderful?

Mr. Walker: I continue:

By this time, Sir Roy's dreams were coming true, his foresight was paying off. The company was spawning other companies and buying into more. It owns eight outright today, has controlling interests in two others, and 250,000 shares in a third, Algoma Steel. It has no funded debt of any kind.

Then, the next question I asked myself as I did this research, from which I was finally saved by this illuminating article was this—I excuse the hon. member for Essex East (Mr. Martin) and I do not blame him for leaving the house. Come back in the evening, I will be here at eight o'clock—did anybody else benefit except A. V. Roe Canada Limited? Again I quote from the Toronto *Star*:

When A. V. Roe became a public company in 1956, some of its directors and executives were allowed to share in the fruits of Sir Roy Dobson's gamble. They were given the option of buying 84,000 shares at $12.50 a share. The following year the stock soared to $25 and so, for those who converted their shares at that time, this was a profitable venture.

Until about a year ago, when the news of sputnik made obvious the fact that the Russians had an intercontinental ballistic missile, Sir Roy Dobson's vision seemed to be working pretty well. From that borrowed thousand he had built an industrial empire which was to receive a total of $1,500 millions from the Canadian taxpayer.

My next question to myself was this: Who sparked the operations in Canada of these various companies? Then, my answer is this, and I quote:

Mr. Crawford Gordon, once C. D. Howe's right-hand man, had been installed as president and general manager. The company had grown to be the biggest member of the parent Hawker-Siddeley group. Many of the subsidiary companies subsisted nicely on government work (Avro Aircraft, Orenda Engines, Canadian Steel Improvements). Others, such as Canadian Car, had government contracts. Dominion Coal and Steel was also subsidized publicly.

Mr. Winch: And still are.

Mr. Walker: My next question, and I am sure that of the hon. member for Vancouver East (Mr. Winch), was; did Avro know that the Arrow would be cancelled? I do not know that that is so pertinent today because the hon. member for Trinity (Mr. Hellyer) said, let us assume that the company must have known last September that the Arrow contract was going to be cancelled. In any event, just to keep the record straight, may I answer from the Toronto *Star* editorial, and I quote:

> But something seems to have gone wrong with Sir Roy's vision at this point for, if we are to believe the statements issued this week, he never at any time had any inkling that a cloud no smaller than an Arrow was in the sky. It was becoming increasingly obvious that the plane was fast becoming obsolete. By fall the government let out the strong hint that the Arrow program was doomed and in a few weeks, newspapermen, military experts, scientists, politicians and the general public were pretty sure it was doomed. In November, indeed, a Toronto financial magazine set to work on an article which assumed that fact. But Sir Roy did not know, he says, because nobody told him.

The next question is: what has Avro done in the last six months to prepare itself for the cancellation of the Arrow contract? We have heard the explanation of the hon. member for Trinity, but he naturally is prejudiced. Whoever it is who writes his speeches is also prejudiced. I want to say this, that I do not profess to be thinking up these answers myself. I admit I am quoting from the Toronto *Star*. I quote:

> The company had six months to do something, after the government's strong hint last fall and it did do something. It started a propaganda campaign to save the Arrow through public opinion and political pressure. The lobby at Ottawa was high level. The campaign, handled by Cockfield-Brown advertising agency, was at all levels. It included a piece by Crawford Gordon himself in *Maclean's* magazine (the Arrow, said Gordon, was not dead) and a high priced film which was intended to show, subtly, that the Arrow was going strong. Ostensibly the film was supposed to mark the 50th anniversary of flight in Canada but it was mostly about the Arrow. It was offered free to TV stations across the land which might have been expected to run it last Sunday. But Mr. Diefenbaker made his announcement on Friday and that made the film out of date—obsolete.

I inserted the word "obsolete".

> There are rumours that Mr. Diefenbaker had got wind of the film and was furious about it.

Then I asked this question: What did Avro do when the contract was cancelled? I quote:

> And Sir Roy—the man of vision? Why, he couldn't have been more surprised! And so he had to fire 13,800 employees all at once, instantly, because, with all that time and all that money and all that vision his company hadn't been able to come up with an alternate plan for putting A. V. Roe into the competitive, non-subsidized aircraft business.

Mr. Pickersgill: Will the hon. gentleman permit a question?

[Mr. Winch.]

Mr. Walker: Yes, indeed, but may I just finish the quotation first?

> There were some nasty people who said that Sir Roy and his boys were gambling again and that last week's mass dismissals were an attempt to embarrass the government but Sir Roy has denied that. For as you can see, Sir Roy has never really gambled at all.

Mr. Pickersgill: The hon. gentleman said he would now permit my question. What has the government got for the 11,000 men that are out of work because of the action taken by the Prime Minister, regardless of who started Avro or what Avro may have done?

Mr. Walker: My friend obviously has not been in the house this past week or he would not have asked that question. We have had that answered fully by the Prime Minister, the Minister of Defence Production (Mr. O'Hurley) and by the Minister of National Defence (Mr. Pearkes) himself. They have gone into that subject with such thoroughness that I am amazed the hon. member did not at least read of it in the newspapers.

Mr. Pickersgill: The 11,000 are still out of work.

Mr. Walker: May I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Walker: Mr. Speaker, I think that we had about finished with the *Star*, but before sitting down may I quote from the *Telegram* of Saturday, February 28, page 4. There is an article headed, "The Arrow is the Main Reason I quit—Simonds". Then I quote:

> Lt-Gen. Guy Simonds said last night the Avro Arrow was destined to be obsolete before it was started.

Then this is a quote from Lieutenant-General Simonds:

> The Liberal government's decision to go ahead with it was a principal reason for my resignation.

Mr. Speaker, so that we can get a clear insight, in answer to my hon. friend from Bonavista-Twillingate (Mr. Pickersgill) as to what was done with the local people in and around the plant, might I quote from the Brampton *Conservator* of Thursday, February 26, wherein it sets out a report received from the hon. member for Peel (Mr. Pallett). It is headed, "Pallett's Message to Avro Workers", and it states:

> "Jobs for 1,500 people in a new Peel county industry are hinted for the near future," states John Pallet, local member of parliament, in a special delivery letter to the editor of the Conservator. Arriving at press time, the letter follows.

"Dear Bill:

I am enclosing herewith a copy of *Hansard* of February 23rd, which I believe sets out clearly the basis for the government decision to discontinue the Arrow, and I would refer you to Mr. Pearkes' statement on page 1279 and particularly to the statements on pages 1280, 1281—"

Mr. Speaker: Order. I trust the hon. member will not read from newspapers something dealing with what has gone on in this house this session, because that would not be in order.

Mr. Walker: Thank you very much. Suffice it to say that he referred in detail not only to the speech of the Prime Minister (Mr. Diefenbaker) but also to the speech of the Minister of National Defence. Then he goes on to say:

I personally have been meeting with both union officials and—

Mr. Godin: This relates to what a member of the house said outside the house. As I understand it, it was said by a member of the house to the Avro workers.

Mr. Speaker: I think the limitation relates to what is said in the house, not to what is said by members of the house outside the house.

Mr. Walker: The hon. member for Peel was not recounting to newspapers what happened in the house, and I ask hon. members to note that he spoke to company officials many times over the past few months. He goes on:

At all times in my discussions with them I was quite clear that it was my belief that the program was to be terminated. This decision, affecting as it does so many of my constituents, is one of grave concern to me. However, the steps having been taken, we must deal with the situation as it is.

First of all, most of the employees should be entitled to three weeks' pay at the present time, which would indicate the one week severance pay plus the two weeks' accrued holiday pay.

Secondly, the national employment service have detailed extra people to assist, in the first place to ensure that there will be prompt payments of unemployment insurance claims, and subsequently to assist in finding other jobs. In this they should be successful. The national employment service places about 25 per cent of all the positions filled. Last year in the Toronto metropolitan area—

I ask the hon. members of the house, Mr. Speaker, through you, to note this—

—including Brampton and Oakville, they located 93,000 persons and indicated that in the year 1958 there were in that area a total of 372,000 positions available.

Thirdly, there have been meetings between company officials and government with a view of assessing the capabilities of the plants in the immediate future. Those meetings are going on and it is felt that something may be worked out in this regard.

Mr. Speaker, there is the message of the hon. member for Peel, who for months now, since September of last year, has been warning not only the company, which knew it well, but the members of the unions as well. I think we should take that into consideration. May I also get on record, because this is the opportunity, and the last opportunity, to do so, some of the comments of the members in the press gallery. May I first refer to an article by Charles Lynch of the Southam News Service in the Ottawa *Citizen* of February 25. I quote:

Intentionally or otherwise, they—

Meaning Avro—

—convinced the government that they were trying to go over their heads with a gigantic squeeze play related to the unemployment crisis. Lay-offs in Port Arthur and in Cape Breton by A.V. Roe subsidiaries were made to appear as pressure moves to save the Arrow—a numbers game with jobs as the stakes.

Might I quote too Frank Swanson, the associate editor of the Ottawa *Citizen,* in an article of February 24:

It seems quite clear, as suspected then, that the decision to abandon the Arrow was actually taken last September. There is reason to feel that Avro was fully aware of the decision, if not then, shortly thereafter.

Might I also refer to an article in the *Gazette* by that distinguished columnist Arthur Blakely, dated February 26:

From the moment that the government's inclination to discontinue the Arrow first began to be evident, Mr. Gordon mustered all of the resources of his large company to force the government to change its mind. Every means was employed to appeal directly to the public over the government's head. The possible fate of skilled Canadian technicians—the possibility of a substantial addition to unemployment as a result of a single stroke of government policy—these were tossed into the field of public controversy. Canadian pride in an aircraft designed an manufactured in Canada was exploited to the full. As was the spectre of a possible loss of Canadian sovereignty.

These statements, Mr. Speaker, by responsible members of the press gallery would lead one to conclude that the lack of an alternative program to provide employment for the Avro workers and the workers of Orenda, which is the key issue in this whole question, was brought about in large measure by the Avro company devoting their time and the government's money in an attempt to force the government to change its decision rather than using that valuable time and experience, and that great deal of money and effort, in working out some diversification program, some alternative program, or anything at all which would keep those workers employed and still aid the defence production of our country.

As far as the attendant issue of sovereignty is concerned, I think any fair minded person who examined the defence arrangements with

any of the other NATO countries must conclude that this aspect of the argument has been grossly exaggerated. The simple fact remains, as one editorial writer has so well expressed it, that we simply have to "stop spending money which we could not afford for a weapon we did not need".

In conclusion, in citing these editorials might I commend to the house the reading of an editorial by that grand old man of journalism, the proprietor of the Ottawa *Journal*, Grattan O'Leary, in the issue of February 24, a leading editorial, which really places this matter where it belongs.

Might I say this before the vote is taken that it did not appear to matter to this colossus—because Avro was a colossus—that all parties in this house agreed that the Arrow contract should be terminated. It did not appear to matter to this great colossus that the Arrow had become obsolete before coming into production. It did not appear to matter to them that the Arrow was four years behind in production. It did not appear to matter if hundreds of millions of dollars more had been spent on its production than was anticipated or promised. Nothing mattered to that company which had been spoiled during the years from 1945 onward. It began to feel just as the sacred cow does in India —that the Avro company could do no wrong; that Avro could do what it liked. And it dared the government of Canada to discontinue or sever a contract for a project which had long become obsolete.

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

Mr. Walker: I should be very glad to, but after I have finished my remarks, because I was interrupted so often before the dinner recess. If the hon. gentleman would allow me to a carry on for three minutes I will be glad to give him an opportunity.

My final word is this. How fortunate we are, how fortunate are hon. members of the party opposite, and hon. members of all parties in this house, that we should have among the heads of our government at this time a minister of defence who is not only brave in battle but, what is equally important, brave in the battle of keeping the peace.

Mr. McIraith: You are trying hard for that job as parliamentary secretary.

Mr. Walker: And I would say this, despite the intervention of the hon. member for Ottawa East, who like the ass, brays at the wrong time: how fortunate we are that we have as Prime Minister of this country one who cannot be bluffed, one who cannot be scared, one who cannot be flattered, one who cannot be cajoled and one who has the vision not only of our great north but of Canada as an integrated part of the NATO program. I appreciate the applause, but I have only 30 seconds left. Our defence policy, despite the criticisms made by some hon. members is to attain security—

Mr. Speaker: Order.

Mr. Pickersgill: This will not put anyone back to work.

Mr. Speaker: It being 8.15 it is my duty to interrupt these proceedings in order to put the question on any matter now before the house.

The house divided on the amendment to the amendment (Mr. Winch) which was negatived on the following division:

YEAS

Messrs:

Argue	Macnaughton
Batten	McIlraith
Boivin	McMillan
Bourget	McWilliam
Bourque	Martin (Essex East)
Brassard (Lapointe)	Martin (Timmins)
Cardin	Meunier
Caron	Michaud
Carter	Nixon
Chevrier	Pearson
Crestohl	Peters
Denis	Pickersgill
Deschatelets	Racine
Dumas	Ratelle
Eudes	Regier
Godin	Richard (St. Maurice-Lafleche)
Gour	Roberge
Granger	Robichaud
Hellyer	Tucker
Herridge	Winch—42.
Houck	
Leduc	

NAYS

Messrs:

Aiken	Campbell (Lambton-Kent)
Aitken, Miss	Campbell (Stormont)
Allard	Campeau
Anderson	Casselman, Mrs.
Asselin	Cathers
Balcer	Charlton
Baldwin	Chown
Barrington	Churchill
Baskin	Coates
Bell (Carleton)	Comtois
Bell (Saint John-Albert)	Cooper
Belzile	Courtemanche
Best	Creaghan
Bissonnette	Crouse
Bourbonnais	Danforth
Bourdages	Deschambault
Brassard (Chicoutimi)	Diefenbaker
Brooks	Dinsdale
Broome	Dorion
Browne (St. John's West)	Doucett
Browne (Vancouver-Kingsway)	Drouin
Bruchesi	Drysdale
Brunsden	English
Cadieu	Fairclough, Mrs.

Divisions

Fairfield
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fortin
Fraser
Frechette
Gillet
Grafftey
Green
Grills
Gundlock
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
LaRue
Latour
Lennard
Letourneau
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Montgomery
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Richard (Kamouraska)
Rogers
Rompre
Rowe
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Lincoln)
Smith (Simcoe North)
Southam
Speakman
Spencer
Starr
Stearns
Stefanson
Stinson
Tassé
Taylor
Thomas
Thompson
Tremblay
Valade
Villeneuve
Vivian
Walker
Webster
White
Woolliams
Wratten—176.

Mr. Speaker: I declare the amendment to the amendment lost.

The question is on the amendment to the main motion. Is the house ready for the question?

The house divided on the amendment (Mr. Pearson), which was negatived on the following division:

YEAS

Messrs:

Argue
Batten
Boivin
Bourget
Bourque
Brassard (Lapointe)
Cardin
Caron
Carter
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Eudes
Godin
Gour
Granger
Hellyer
Herridge
Houck
Leduc
Macnaughton
McIlraith
McMillan
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Nixon
Pearson
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Tucker
Winch—42.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Anderson
Asselin
Balcer
Baldwin
Barrington
Baskin
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Campeau
Casselman, Mrs.
Cathers
Charlton
Chown
Churchill
Coates
Comtois
Cooper
Courtemanche
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Drysdale
English
Fairclough, Mrs.
Fairfield
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fortin
Fraser
Frechette
Gillet
Grafftey
Green
Grills
Gundlock
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
LaRue
Latour
Lennard
Letourneau
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)

MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Montgomery
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Richard (Kamouraska)
Rogers
Rompre
Rowe
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Lincoln)
Smith (Simcoe North)
Speakman
Spencer
Starr
Stearns
Stefanson
Stinson
Tassé
Taylor
Thomas
Thompson
Tremblay
Valade
Villeneuve
Vivian
Walker
Webster
White
Woolliams
Wratten—175.

COAL—REQUEST FOR ACTION ON LAY-OFFS AND REDUCED MARKETS

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, the grievance I intend to introduce at this time is based on the failure of the government to take adequate action to meet the demands of the coal industry by introducing adequate measures to take care of the existing crisis causing extensive lay-offs in the industry created by unusual stockpiles and declining markets. The coal situation today offers a major problem, a problem so serious that it can be described as a crisis.

Mr. Speaker: Would the hon. member give the house a minute to settle down so that we can hear.

Mr. Robichaud: I was just saying that the coal situation today offers a major problem, a problem so serious that it can be described as a crisis, a crisis which has been most prominent over the last 18 months. Before dealing with the specific point of lay-offs and declining markets, I should like first to introduce my remarks by bringing to the attention of the house remarks made by the former prime minister, Right Hon. Louis St. Laurent, remarks which have been quoted in the house and have been strongly criticized by members on the government side, particularly during the last two election campaigns. Addressing a political meeting in Fredericton, the then prime minister said:

> Now, will maritime coal continue to be the cheapest fuel for the production of power for all time? I do not think it will. I think that coal is going to become more valuable for chemical and synthetical processes than it will be as a fuel. In the meantime, of course, we want these coal mines kept in operation because we do not want the coal mining towns to become ghost towns. But so far as I am concerned, so far as my opinions may carry weight in the decisions that are taken, we are not going to encourage substantial increase in the production of coal because I do not think that that would be fair to future generations of Canadians.

And the then prime minister could have added—"to the present generation". There, Mr. Speaker, was a prime minister who, notwithstanding the critical significance of and possible reaction to his remarks, would rather tell the truth than adopt the position of his opponents by making promises which he knew then he would never be able to fulfil.

The members on the government side of this house, and especially those from Nova Scotia, are familiar with the election ads of their party which appeared in the Halifax *Mail Star* of June 8, 1957, which were entitled, "Action Today or Regret Tomorrow". Last June, when the temporary lay-offs in the Nova Scotia coal mines were not avoided by definite action by this government, we of the official opposition introduced a motion of non-confidence expressing our regret that the government had failed to avert a five-week lay-off in the Nova Scotia coal mines, and that the government had walked away from its promises to promote the development of industry in the Atlantic provinces. In the course of that debate, which took place only eight months ago, we were told by the Minister of National Revenue (Mr. Nowlan) that we in the opposition were not serious when we said that the surplus stockpile of 1,400,000 tons might not be sold during the coming year.

The minister clearly stated that the truth of the matter was that the company was selling more coal than was sold before. The minister further stated, and he repeated, that the truth of the matter was that there were orders for over 4,600,000 tons of coal. He further claimed that with the leadership and aggressive management of the company, and the co-operation of the government, 350,000 tons of coal had been sold to new customers and that new markets had been developed in the province of Ontario. He strongly affirmed that with orders on hand for 4,600,000 tons

of coal, and orders still coming in, the whole stockpile would be liquidated.

Farther along in the course of his remarks he said that one of the reasons that the lay-off was not averted was because the government was not consulted about a lay-off of five weeks. I want the minister's exact words to go on the record. They appear on page 1801 of *Hansard* for July 1, 1958. These are the words of the Minister of National Revenue:

> What was the situation? We were told that we did not avert a lay-off of five weeks. We did not have an opportunity to avert a lay-off of five weeks. We were not consulted about a lay-off of five weeks. The company told us that a lay-off of five weeks was necessary for the efficient and economical management of the company's properties.

What is taking place today in the coal industry? Do we find action today on the promises of the Conservative candidates in the last election or will there be regrets tomorrow? Where are those promises of the Conservative party candidates made on June 8, 1957? In New Brunswick, for example, the statistics will show that in 1957 the total production of coal was 976,597 tons; in 1958, the production is down to 768,465, or a decrease of 207,692 tons. What is coal production in Nova Scotia? In 1957 the statistics will show that the total production was 5,685,770 tons, and in 1958 it is down to 5,254,736, a decrease of 431,034 tons. What will be the results for the year 1959? Well, Mr. Speaker, after the Conservative "Lent" started 10 days before the actual opening of Lent 4,100 coal miners were laid off, so we can expect that production in 1959 will again be much lower than it was in 1958. Where is this definite action being taken by the government as promised to increase the production of coal or even to avert a decrease in production and lay-offs?

I know that a week or so ago the hon. member for Inverness-Richmond (Mr. MacLellan), for example, gave a rosy picture of the situation to this house in so far as his constituency was concerned. He reminded us then that in the maritimes the people were saying, "Beware of Grits bearing gifts." But, Mr. Speaker, I am just back from the maritimes and I can inform this house that what we are hearing in the maritimes today is, "Beware of the Tories and their promises."

I should like to expose to this house the present attitude of the government toward a crisis which is their responsibility. On page 522 of *Hansard* for January 30, 1959, I asked the Minister of Mines and Technical Surveys (Mr. Comtois) the following question:

> In view of the statement made by the minister that he has asked for definite recommendations from the chairman of the dominion coal board, will the minister make inquires to determine whether A. V. Roe made specific proposals to the dominion coal board respecting methods to prevent such a lay-off, and if such proposals were made will the minister tell us on what date and also if the proposals have been dealt with by the coal board?

It is very important that the reply of the minister be inserted at this point. I received from the Minister of Mines and Technical Surveys the following reply:

> In reply to the last part of the question asked by the hon. member for Gloucester (Mr. Robichaud), I should say that around November 19, 1958 the dominion coal board received representations from Dosco and from the miners union. That meeting dealt solely with the coal marketing situation in Nova Scotia. It is only later that the dominion coal board met several times, between December 8 and December 11, with the parties concerned, to go into this matter. There was no question at the time of cuts in either the payroll or the production. It is only on December 19 that we had a meeting, as I have already said, with Dosco representatives and Premier Stanfield. At that time, the matter of increased assistance to coal producers was discussed and we were told, as we had been in any case in a letter dated December 17—which was produced on the 19th at that meeting—that even if the government decided to boost subsidies, there would probably be a cut in personnel for 40 days, that is to say there would be 40 days' unemployment in the next few months. No decision has yet been taken about the proposals submitted in connection with coal production or its shipping, and even if a decision had been taken, it would concern only the opening of the forthcoming season of navigation.

Mr. Speaker, I have here an article which appeared in the *Financial Post* under date December 13, 1958, a month and a half before the Minister of Mines and Technical Surveys gave me his reply in the house. This article in the *Financial Post* is entitled, "No Markets, Close Mines: View if Subsidies Denied". I want to read two or three paragraphs of the said article.

> Canada's east coast coal industry is on the verge of important decisions—government and private. Increased subventions on maritime coal to permit deeper penetration into vast central Canadian industrial markets are being sought this week in Ottawa.
>
> With huge stockpiles posing problems in Nova Scotia and New Brunswick, delegates representing producers, mine unions and provincial governments are pressing their case before the dominion coal board.
>
> They are requesting subsidy increases ranging as high as $2 a ton. Maximum subvention is now $5.25 a ton.
>
> If increases are not granted, there could be some drastic revisions in mining and marketing policy by big operators.

Mr. Speaker, we have a right to know what was the nature of the request placed before the dominion coal board by the Dominion Steel and Coal Corporation. Is the Minister of National Revenue (Mr. Nowlan) or the Minister of Mines and Technical Surveys in a position to state that at this time they were not consulted before the lay-off took place, as

the Minister of National Revenue indicated in this house on July 1 of last year? What is the present government doing about the present crisis? What has it done to avert the present lay-off, or to avert further lay-offs? Further meetings have taken place. Requests have been presented before the dominion coal board and before the government by the miners union, by municipal councils, by the provincial government of Nova Scotia, by the minister of mines for Nova Scotia, and by the premier of Nova Scotia, and even at this late date we are still unable to get any word from the government, from the Prime Minister (Mr. Diefenbaker) or from the Minister of Mines and Technical Surveys as to their decision following these requests. As far back as November 19 last the dominion coal board had been receiving representations from Dosco and from the miners' union and also from the other sources which I have stated.

Between December 8 and December 11 further representations were again made on this subject. On December 19 another meeting took place, this time with Dosco representatives, and they were accompanied by Premier Stanfield of Nova Scotia. On February 2 a third meeting was held, when a Nova Scotian delegation headed for the second time by Premier Stanfield conferred with the Prime Minister and other federal ministers. What were the results of this meeting? We learned in the Montreal *Gazette* of February 3 that a statement was made by Premier Stanfield, but not by the Prime Minister or the Minister of Mines and Technical Surveys. In this statement the premier of Nova Scotia stated, as reported in the Montreal *Gazette* for February 3:

> Maritime coal industry may seek federal assistance.

I want just to quote a few paragraphs of this article:

> The premier told reporters later he urged increased subventions on an emergency basis as the best means of staving off further lay-offs.
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> He had supported, he said, proposals made by Dosco earlier to the dominion coal board.
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> While the premier would make no guess as to how much additional federal money this might involve, informants said it would be around $4,000,000 a year.

Over a month has gone by since this delegation met in Ottawa, and still we are unable to get any decision or reply from the government. Mr. Speaker, this is nothing else but another example of the confusion, indecision, and this time not only of delayed action but of relayed action by the present government.

It is true that on February 6 the hon. Leader of the Opposition (Mr. Pearson) addressed a question to the Prime Minister, and on this occasion he received the following reply, which is reported on page 754 of *Hansard* of that date:

> Mr. Speaker, a few days ago a delegation from Nova Scotia consisting of the premier of that province and other representatives, met with me and other ministers in connection with the situation resulting from the glut in coal and the stockpiling of some 1,200,000 tons or more.
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> A general discussion took place. The views of the people present were listened to, and consideration is being given to whatever action may be taken to the end that the situation may be met. In saying this I am not indicating at the moment what if any action will be taken. Certainly the representations were of such a nature and were so reasonably and fully made that they deserve the fullest consideration, and this they are receiving.

Again I repeat that so far the poor miners in the coal industry have to be satisfied with nothing else but consideration, and consideration in due course.

We of the opposition are being accused of criticizing the government and of offering no suggestion, or no constructive suggestion, which could take care of a situation such as the one we are discussing tonight. Since the opening of this session we have had thrown at us time after time by members on the government side the very same question: What would you do? A similar situation existed in West Germany a few months ago, and what action was taken by the West German government? In the first place, a government embargo was placed on the issuance of new coal import licences. Second, tax exemptions were granted to the coal mining industry, trying to make coal competitive with fuel oil. Third, the government of West Germany promised grants for 500 million marks, which represents $120 million, to increase coal consumption.

A similar situation existed in the United Kingdom, and there again definite action and planning took place. A report originating from London, as produced in the Halifax *Chronicle Herald* for Saturday, February 28, reads as follows:

> Britain's coal miners Friday adopted a four-point policy aimed at fighting a current slump in the industry and a drift away from coal to other fuels. Union leaders representing the 700,000 workers in the nationalized industry agreed on the program at a three-hour session Friday. The main points are:
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> 1. The government should re-examine present plans for developing nuclear energy as a power source.
>
> 2. Oil policy should be revised, reducing imports and switching electricity power stations from oil back to coal. Fuel oil taxes should be increased.
>
> 3. The system of distributing coal to consumers, left in the hands of private enterprise when the state took over the coal mines in 1947, also should be nationalized.
>
> 4. More research should be carried out on finding additional uses for coal.

I am not proposing to the government that all these suggestions made in the United Kingdom should be adopted, but the fact remains that the Canadian government is today facing a crisis which requires straightforward action. It affects 10,000 coal miners. It affects a basic industry in an area which has a population of over 100,000 people. It affects the entire area of a province where practically no other industry exists. It is true that the situation in New Brunswick may not be as bad as it is at the present time, in Nova Scotia, but nevertheless in the last three or four months of 1958 the coal miners in the Minto area were able to work for only two or three days a week. Fortunately, in the mid-winter months, the entire supply of coal could be taken by the New Brunswick power commission. However, in view of the statements being made in the province about the possibility that the thermal plants to be built in future will use oil instead of coal, notwithstanding the statements which have been made in this house the future of the New Brunswick coal industry is not bright.

It is true that Canada is importing close to 20 million tons of coal annually from the United States and that if less than 10 per cent of this demand could be diverted to Nova Scotia the problem would be practically solved. Where is that market in Ontario for maritime coal which was promised last June? I should like to ask the members of the government whether we can have an assurance that the market which was promised in Ontario last year still exists. I feel that the action taken by the government with regard to the coal industry is too limited. I have here a press clipping from the *Financial Times* dated July 11, 1958. It bears the heading "Coal Mining should be in Borden Commission Field". According to this report it seems that the government has not taken the interest in coal that the question deserves. The last paragraph of this article reads as follows:

> It would indeed be a pity if coal mining were now removed from the context of the studies which Canadians had every right to expect would cover all forms of energy. Coal mining needs such a study; probably more than any of the other branches of the energy industries group.

What has been done by the government to bring new industries to the maritimes? What has been done by the company and by the government to increase sales of coal? It is true it is a surplus of industrial coal which is creating the main difficulty at the moment, but it is difficult to understand why, when there is such a surplus, there should be in the maritimes today an evident shortage of domestic coal. I have in my hand two letters which have been written by a Mr. J. W. Patterson of Charlottetown. The first letter is dated February 3, 1959, and reads in part as follows:

> Orders accepted in September, 1958, were received only late in December.

The second letter dated February 5, 1959 is also signed by the same Mr. Patterson and reads in part as follows:

> There is a shortage of Nova Scotia coal here. Small dealers will be forced out of business if something is not done.

This situation exists in my own constituency of Gloucester. We read of two or three different occasions in the month of January on which the city of Moncton had to import United States coal because it could not get a supply from the Nova Scotia coal mines. It seems that the company is not making the effort which it should to dispose of its surplus coal production. We all recognize that coal is one of our great natural resources. Coal mining, as Premier Stanfield reminded officials of the A. V. Roe company last year, is more than an industry in Nova Scotia. As he said, it is the staff of life for many communities in the province, something much more than just a matter of dollars and cents.

As a representative of a constituency in the Atlantic provinces I have a strong feeling that no distinction should be made between the ways of protecting certain particular industries—however important these industries may be to the economy of central Canada—and the coal industry which is vital to the economy of Nova Scotia and to one section of New Brunswick.

If effective government action is required for an area of Canada which enjoys a diversified industrial economy, why should the same principle not apply to a less favoured area which depends almost entirely upon one industry? The government may be acting wisely in granting subsidies or even additional subsidies in order to favour the transportation of coal to Ontario in competition with substantial imports of United States coal. The people of the maritime provinces and the coal miners of my area are just as concerned with the lay-offs which have taken place in their industry, and the further lay-offs which are contemplated, as the A. V. Roe workers are concerned about the lay-offs to which they were subjected last week in the Toronto area.

It is my feeling—and here again I am in complete agreement with the statement made by the former prime minister, the Right Hon. Louis St. Laurent—that it is the duty of the government to see to it that the coal miners of Nova Scotia are kept at work and that the mining towns of Nova Scotia do not become ghost towns. I feel that action should be

taken in the present situation, even if it means substantial tax concessions or other forms of assistance in this particular area of Nova Scotia, to provide a new industry with coal as its basis which would at least restore the economy of the industry to its 1957 level and alleviate this atmosphere of uncertainty, this fear and gloom which prevail in Cape Breton today.

If, for example, 1,000 or even 2,000 coal miners could be retired from the mines and provided with work at industrial plants located at the pit heads the problem would be solved for years to come. I therefore strongly urge the government to give this matter very serious consideration. It is true that fewer miners would mean less production, but it would also mean that the problem of the surplus would not be so great and that the stockpile would not be so formidable. The policy now being followed by the government makes it evident that the present stockpiles cannot be disposed of. If a coal surplus is to be a continuing problem, then we ask the government, in the name of the miners concerned, to tell us the truth. Let the government come out and give us the facts. If they made a mistake with regard to the promises they made during the last two elections, let the government come out today and explain the situation as it now exists.

The Avro company should have been influenced to establish in Cape Breton and not near Montreal their proposed steel rolling plant. The government should have intervened and provided the company with every argument and if need be even financial assistance in order to influence it to open this new mill in the Atlantic provinces in the vicinity of the coal mining area.

I have here the famous document known as the seven Atlantic resolutions. If some of these statements were put into practice today the problem would be practically solved. Let the government in the face of the present crisis take the action it promised. Let it take this action today because if it does not do so it will regret it tomorrow. We are asking the government to put into force at this very moment the second of the Atlantic resolutions, either by placing a more equitable share of defence contract expenditures within the Atlantic provinces or, if no such contract exists today as we can see by the policy of the present government, it should consider the establishment there of crown corporations. Another way of implementing the second Atlantic resolution would be—and this particular sentence of that resolution applies directly to the present situation:

—by encouraging local enterprises to locate in the area and to encourage the processing in the area of our natural resources as a result of special fiscal considerations.

Another means of implementing these resolutions would be through the government giving serious consideration to the request of the unions to establish a marketing board to take care of the disposal of surplus coal production.

If we look at what is happening to our coal mines in Nova Scotia and our base metal mines in New Brunswick we have good reason to ask the present government to divert a part of its northern vision to the maritime provinces. The government has an opportunity to act now. If it does not act today it will regret not doing so tomorrow. There may be a limit to government subventions but the seriousness of the situation must be an important factor in influencing the decision of the government. This government as well as the previous administration has not hesitated when it came to the question of grants and subsidies for the grain producers of the prairie provinces. It did not hesitate to offer assistance to some displaced technical employees at the Avro plant. The government should not hesitate to take action with respect to the coal industry.

Further research into the use of coal is now a matter of urgent importance and a full investigation in the field of research should be undertaken at once. A delegation of Canadian scientists should be sent to Europe and particularly to West Germany and the United Kingdom to study the possibilities of chemical uses of coal.

Special concessions or even subventions should be granted to the establishment of industries in the Cape Breton area, industries which will use coal as the basis of operation and operate in conjunction with the existing steel mill already established in that area. It is evident that the people of the maritimes are not satisfied with the attitude of Avro but at least in the last few days the president of Dosco, a subsidiary of Avro, gave to the miners and the people concerned a true picture of the situation as he sees it. The coal miners are paying their share in supporting industries in central Canada and it is the duty of the central government to protect the economy of an area with a per capita income substantially below the national average.

In closing I wish to repeat that the Gordon commission concluded that the main market for coal should remain in the maritimes, and there it should remain for the good of the maritimes and for the good of Canada. It is the responsibility of the government to take definite and effective action to solve

the present coal problem and again I remind the government that we want action now. We want a decision to be announced tomorrow not later than the period before orders of the day are called because if action is not taken at this time the government will soon regret it's failure to act as it has promised to do in this particular case.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, may I ask a brief question of the hon. member for Gloucester? The hon. gentleman made reference to the Atlantic resolutions and I take it for granted from his remarks that he will support the resolution on the order paper standing in my name regarding the decentralization of industry in the Atlantic provinces. May I ask the hon. gentleman if I may count on him to speak on my behalf in supporting my resolution?

Mr. Robichaud: Mr. Speaker, nothing would please me more than to support any resolution having to do with the decentralization of industry or the establishment of new industry in the Atlantic provinces where they are so badly needed today.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, as I said the other day in the house when the hon. member for Gloucester (Mr. Robichaud) introduced a motion which he understood at the time was out of order I did not think on that occasion a debate on the coal issue was necessary and I reiterate that this evening. While this situation is being handled at the top level of government it does the miners of Cape Breton, the union officials and the company no good whatever to have it batted around here in an effort, as is insinuated by certain political opponents at home, to make a political football out of it which is exactly what this issue has become during the last few weeks.

The hon. member for Gloucester referred to lack of action on the part of the Conservative government and the Leader of the Opposition (Mr. Pearson) on several occasions referred to recent developments in the coal industry as something that has occurred since the Conservative government took office. I remind my hon. friends that this is a situation that has confronted the miners in Cape Breton for the last 30 years.

The Leader of the Opposition also said that there were no cut-backs in the postwar period and I will go along with that. Up until last year there were no cut-backs but there certainly were closures. In my home town three collieries closed down and nothing was done by the former administration with respect to this matter. Several collieries on the mainland closed down and nothing was done about this by the previous Liberal administration.

Mr. Robichaud: What is happening today?

Mr. MacInnis: You had your turn. Let me return to the remarks of the hon. member for Gloucester and the solution he offered to the coal problem. I was glad to see that he stood behind the former prime minister, Mr. St. Laurent, in his statements regarding the coal situation in Cape Breton. I refer to the remarks made by the hon. member for Gloucester as reported at page 1118 of *Hansard* of February 17, 1959. The hon. member said:

> Before dealing with the specific item in the supplementary estimates I should like to bring to the attention of the committee remarks made by the former prime minister, the Right Hon. Louis St. Laurent, remarks which have been quoted before in this house and which have been strongly criticized by hon. members who now sit on the government side, particularly during the last two election campaigns. These remarks deal specifically with the surplus production of coal in the maritime provinces.

I am very happy that the hon. member this evening cleared up his position and the stand of the Liberal party with respect to the coal situation. Apparently it is the same as it was prior to the last two elections and we all know what that attitude toward the miners of Cape Breton accomplished in that district. But let us now deal with the hon. member's solution. His solution is fewer miners, less production, no surplus.

Mr. Robichaud: But work for them.

Mr. MacInnis: But what about the miners who are displaced? What will they do? Do you want to see implemented the recommendations of the Gordon commission established by the Liberal government that they be given train fare out of the country? You recommend less miners with a resultant decreased surplus. You apparently want to see the miners have a shorter work week. The miners of Cape Breton do not want that. They want a five-day week and I believe we can depend on this government to evolve more effective solutions to the problem.

Mr. Robichaud: But what—

Mr. MacInnis: You might as well remain in your seat because I have only a few minutes left and I intend to use all the time myself.

Mr. Robichaud: You will regret what you have said.

Mr. Speaker: I would remind both of the members from the maritimes that the Speaker is here and they should address their remarks to him.

Mr. MacInnis: I am sorry, Mr. Speaker. Reference has been made to submissions made by the company and unions to the dominion coal board prior to the cut-back. I would like to clear up something. During the last

coal conference held last year here in Ottawa it was clearly understood that further assistance would be required this year. The company was invited back by members of the government to go over the situation up to and including December, 1959. Apparently there has been some misconception as to whether they were notified of those cut-backs or not. I am fully aware of the fact that the submissions were made by both the company and the unions, but let us keep in mind the promise of the company to come back before announcing their cut-backs. When the Minister of Mines and Technical Surveys (Mr. Comtois) toured Nova Scotia in October he made the statement, and it has not been denied by the company, that before further cut-backs there would be further negotiations.

At the moment we know all about the submissions made by the unions and Dosco in December, but let us get back to the announcement of the cut-backs. They were supposed to come before the government before announcing those cut-backs. It is definitely established, and was established before Mr. Gordon at the Halifax coal conference, that when he announced those cut-backs on the 15th he mailed the letter to the Minister of Mines and Technical Surveys who received it on the 19th. So that there will be no question whatsoever about it, the letter was dated from the general manager's office on the 17th of the month, which shows that the company itself did not live up to the agreement it made to come back to the government before announcing such cut-backs.

There is no doubt whatsoever about when they were notified of the cut-backs. It is granted that submissions were made by both the company and the unions. I feel, and it is the feeling of all the Nova Scotia members here, that since this is in the hands of the committee we are very hopeful that the report will be finalized very shortly and the results of that report will be advantageous to the Nova Scotia coal miners.

Once again I would remind the hon. member for Gloucester (Mr. Robichaud) that in belabouring this point of what the former prime minister said about the coal industry of Nova Scotia he should remember that he said that the Nova Scotia coal was too valuable a product to burn and should be left in the ground for the manufacture of gas.

Mr. Robichaud: That is not so.

Mr. MacInnis: Mr. Speaker, once again I would confirm what the hon. member for Bonavista-Twillingate saw fit—

Mr. Pickersgill: That is not true, and the hon. member knows it is not true.

Mr. MacInnis: What the hon. member for Bonavista-Twillingate did not take the opportunity to deny was the two-column front-page editorial which asked him to make an apology in the interests of journalism in Canada and this editorial appeared on the front page of the Moncton *Gleaner*.

Mr. Pickersgill: The Fredericton *Gleaner*.

Mr. MacInnis: The hon. member for Bonavista-Twillingate did not take exception to that editorial.

Mr. Pickersgill: Mr. Speaker, since the hon. member has brought my name into it, I should like to clear up that point. I was in Fredericton about a month ago and I repeated right in Fredericton precisely what I said in the house about that matter.

Mr. MacInnis: The fact remains that after the editorial came out it was passed over quietly.

This idea of leaving the coal in the ground and cutting back production is not what the Cape Breton miners are looking for. They are looking for the advantage of working a five-day week and earning their salaries, and not, as the hon. member for Gloucester suggested, fewer miners, less surplus, less trouble.

Mr. Robichaud: On a point of order, Mr. Speaker, again the hon. member is misquoting me. What I said was that 1,000 miners or 2,000 miners could be taken out of the coal mines and established in industries at the pithead.

Mr. MacInnis: Mr. Speaker, we all hear things but it still adds up to the same thing, fewer miners. This suggestion was put forward by the Gordon commission report and hon. members know what kind of reception it received. It did not receive any kind of reception.

Before resuming my seat, once again I say I put my faith in the government and this committee that is set up to solve this problem and I look forward not to, as was suggested, a decrease in the number of miners and a lessening of production, but to an increase in production

Let me get back once again to the attitude of the former prime minister who did not believe in making ghost towns out of Nova Scotia towns. At that time he did not believe in a marked increase in production. It certainly adds up, Mr. Speaker, when you consider the fact that this was the very government, the very prime minister that advanced the money to the coal company for increased mechanization with the purpose in mind of increasing production. In one moment he says he does not believe in increased

production but at the same time his government lends $7,500,000 for mechanization purposes with the sole object in view of increasing production.

Time does not permit me, Mr. Speaker, to go on; there are other members from Nova Scotia who would like to say a word on this and I leave it at that.

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, in his remarks the hon. member for Gloucester (Mr. Robichaud) referred to a speech I made in the house a few weeks ago dealing with the economic situation in Nova Scotia. My remarks at that time did not relate to the coal industry, which is in a bad situation as everyone admits. They related to the extra help which has been given to the maritime provinces by the government in terms of grants to the provinces and specifically to the important added support and help we received under federal-provincial cost sharing programs.

As far as the coal situation is concerned, we are very worried about it I assure you, Mr. Speaker, much more so than the hon. member for Gloucester who, as the hon. member for Cape Breton South (Mr. MacInnis) has just said, seems to me to be more interested in making a political game out of this question than anything else.

Before going any further, I should say that the problem we have now in the coal industry in Nova Scotia and in Cape Breton island is not news. It is not something that has developed overnight. It developed during the last 10 years when the Liberal party was in power, when something should have been done and when nothing was done to assist our coal industry. The problem we are facing today could have been averted by planned action five or six years ago; it could have been averted after the war by some assistance to regain the 900,000 ton market for coal in Ontario which we lost during the war and while that government was in power. When the Liberals were in power they gave some assistance to the coal industry in Nova Scotia; but it consisted only of loans to help mechanize the mines. I would think that anyone with a particle of a brain would know that lending to assist mechanization to increase production in itself could never be enough. In the very fact that they did not help us to find a larger market for this increased production and to give us a stable market in normal times lies the great tragedy of our coal situation in Nova Scotia; and therein is the great default of the Liberal party to Nova Scotia.

Since this government came into power it has given substantial, tangible help to our Nova Scotian coal industry. I am not going to list all these new aids tonight. Briefly, since the Conservative administration came into power we have had subventions that helped us to sell 500,000 tons of coal in Ontario last year and to regain some of the market that was lost during the time that the previous administration was in office. We have acquired substantial preference for Nova Scotia coal in government buildings across this country. We saw coal subventions approved, even finally agreed to by the Liberals at the last moment before an election, to move coal to thermal-power plants in the maritime provinces. This was the first real help in these provinces in 10 years to our vital Nova Scotian industry. The tragedy is that the change in government took place after it was too late to avert the terrible problem we now have in Cape Breton and other parts of Nova Scotia.

Just what is the situation with regard to the coal industry? It is not a Nova Scotian situation; it is an all-Canadian situation, a national situation. Since 1948 there has been a decrease of 17½ million tons in the consumption of coal in Canada. In 1948 there was a market in Canada for 47½ million tons of coal. By 1958 that market had gone down to 30 million tons. What is the reason for that? First of all, the railways were dieselized which meant the loss of a market for 7½ million tons of coal. This of course, was done during the Liberal administration without any attempt at all to find a new market for the coal that was replaced. At the same time advancements in natural gas and in the development of oil distribution have meant that we have a domestic market for 10 million tons less coal now than in 1948.

This is a fact that has to be faced. Over the last 18 months the government moved to help this situation in every way it could. Actually the extra subventions granted last year and the other help made available to the Nova Scotia coal industry in a normal year could have averted the lay-offs we have now in Cape Breton. The new subventions would have been sufficient in a normal year.

But last year the coal industry was faced with a special situation. For one thing a market we had for approximately 300,000 tons of coal in pulp mills and hydro plants in the province of Quebec was lost to us in 1958 because of high water and the availability of electricity as a source of power. In addition, there was increased production of coal in 1958 in the Cape Breton mines. Along with these things there has been a certain industrial decline in the nation which meant that there was not quite the market for coal last year that there was the year before.

What this means in actual figures is that there is now a stockpile of 1,200,000 tons of coal for which there is no purchaser available. This has happened despite the subvention help provided last year. But I say to you, Mr. Speaker, that without that aid the problem in the Cape Breton mines today would be very much greater than it is.

Every Nova Scotia member, as all hon. members well know, has been pressing the government to give us the additional aid which we need, particularly over the next few years, to help us to maintain our coal industry. We feel that we do not need this aid indefinitely. We believe that it will only be a stopgap until the natural expansion of the country will reinstate a market for our coal. For example, we will be using a greater amount of coal between 1970 and 1980 simply because oil and gas will have become more expensive, and coal will be in a better position to compete. It is expected that our coal will not only have a substantial market but will be necessary for turning the wheels of industry within the next 20 years and, as a matter of fact, if we do not have that coal we will be very badly off within a very few years.

The present situation, as Mr. A. L. Fairley president of Dosco said in Glace Bay the other day, is that the short term outlook for our coal industry is not good. Even if the increase which the company is seeking were provided it could not avert the present layoff which was required to offset the surplus stockpile of coal as a result of the unusual economic circumstances last year. But in the future Canada will need the coal of Nova Scotia. In the future the only source of coal available to Ontario and Quebec particularly for the production of hydro power will be found in Nova Scotia. The only other deposits of coal in Canada are in Alberta much too far from the central industrial provinces to provide a source of energy and fuel.

I say then that we base our argument for subventions, not only on the fact that Nova Scotia miners need help and work must be provided in the mines today but also on the fact that in the years to come Canada is going to need the large resources of coal that are available in Nova Scotia. As far as Nova Scotia is concerned, coal mining is our first industry. It accounts for 75 per cent to 80 per cent of our mineral wealth and is worth about $68 million a year to the people of the province. There is no other single mechanical industry employing as many people. We must have assistance now to keep the industry going and to keep our miners there. Some Canadians may think that if Nova Scotia coal cannot now find a market in Canada, although it will in later years, the mines should be shut down as was suggested by the former prime minister in order to save the coal until 1980 when it will be needed. The last prime minister in a speech in New Brunswick recognized that there would be a big demand for our coal in the years to come. His suggestion was that the coal should be preserved for future generations.

The fallacy of that argument and the reason that subventions are needed now to protect our coal industry is that our mines in Nova Scotia are submarine mines. Unless the pumps continue to operate and unless the mines are maintained there will be no mines in the years to come. Furthermore, the miners of Cape Breton are highly technical personnel. They are men who know how to extract coal and extract it efficiently, so efficiently that over a period of 10 years they have raised their production per man day from 1.6 tons to 2.6 tons, a phenomenal achievement but still not enough to produce coal at a price that will make it competitive with oil and gas. We must keep our miners available to the industry.

We need subventions. We need help to preserve our industry not only for the present but for the future. It is on this basis that we have all joined to impress upon the Prime Minister (Mr. Diefenbaker) and the cabinet the urgent need for subventions for our coal. I should like to thank the Prime Minister and the cabinet most heartily for the consideration they have given to this urgent problem at a time when they are faced with many other demands from other parts of the nation.

Mr. Robichaud: No action though.

Mr. MacLellan: A special committee has been set up to study the coal industry, to examine its present and future problems and to meet those problems systematically, not with a stopgap, crisis program but with a plan which over the years will give us a stable mining industry in Cape Breton and Nova Scotia. I say again, Mr. Speaker, that if the attempt now being made by the government to examine the long range possibilities of our industry had been made five years ago we would not have the situation we have today in the coal industry. Again I say that the only answer for the time being is subventions to keep our mines open, not only to provide the work needed at the moment but also to protect a very valuable Canadian resource over the years ahead.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I do not intend to take any part in the debate except to disagree, and I hope in as non-contentious a way as I can, with the hon. member for Inverness-Richmond

(Mr. MacLellan). I thought he spoke very moderately and I do not think he intended to be unfair. But it is inaccurate to say that Mr. St. Laurent ever suggested in his speech at Fredericton that the production of coal should be cut back. What he said was that he would not advocate the expansion of production. Those were the precise words. He said he did not want to see ghost towns and he was in favour of maintaining what there was. I think that is exactly what the hon. member himself was arguing for.

Mr. MacLellan: Will you permit a question?

Mr. Pickersgill: Certainly.

Mr. MacLellan: I should like to ask the hon. member if it is true that Mr. St. Laurent said at that time that our coal should be preserved for future generations?

Mr. Pickersgill: What Mr. St. Laurent said at that time was that he believed that the coal would be much more valuable in the future because of its chemical properties than it would be if it were burned as fuel, and that is why he was opposed to expanding production. But he did say that he did not want ghost towns and that the existing production should be maintained.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, we have had an interesting contribution to the discussion of this problem tonight and certainly in the six or seven minutes left to me under the rules of the house I cannot develop the over-all problem in any way whatsoever. I should like to congratulate the hon. member for Cape Breton South (Mr. MacInnis) and the hon. member for Inverness-Richmond (Mr. MacLellan) upon the contribution which they have made to this problem. After all, this is essentially a Nova Scotia problem and all the Nova Scotia members are vitally interested in it and are working in every way possible to achieve a solution. As was pointed out by both hon. members, this problem is not new. It is not something which arose the day before yesterday, nor is it something which arose under this government. I can remember in my early days in Halifax when I was the youngest member of the legislature there were strikes in the mines in Cape Breton and labour difficulties which arose there and the mounted police had to be brought in to deal with them.

We have had a long series of problems in connection with Nova Scotia coal, as is true, of course, of coal mines all over the world. The hon. member for Inverness-Richmond put on the record certain figures concerning the diminution in the consumption of coal. I think hon. members of this house should look at them and consider just what has happened to this great industry in the last few years. He pointed out that there has been a reduction of over 17 million tons in the use of coal. Why has this occurred? There are three essential reasons. The first one is the dieselization of Canadian National Railways, followed by the Canadian Pacific, so that you have Canadian National locomotives going into Cape Breton coal mines burning oil and hauling coal out to Ontario. This was one of the policies established by the preceding government. I am not saying that these decisions were wrong, I am simply pointing out the economic developments that have taken place. This decision, as the hon. member for Inverness-Richmond pointed out, has cost the Nova Scotia coal mines more that a million tons per year.

Another factor is the gas pipe line about which we heard something in the not too distant past in this chamber. It may be economically justified, and I am not debating that for the moment. However, when you have surplus quantities of gas being brought down to the end of the pipe line, as is now the case, with no established market for it and having it dumped on the market at any price it may bring, that in itself results in a tremendous loss in the consumption of coal.

The third matter is connected with the burning of oil instead of coal. In that connection it is rather significant, and I point this out, that when the dominion coal board was organized after the Carroll commission not too many years ago, 76.5 per cent of all energy used in Canada was derived from coal. In 1957 only 25 per cent of that energy was derived from coal. Petroleum, which accounted for very little of the energy supplied at the time the coal board was formed, was supplying 56.4 per cent of all the energy consumed in Canada in 1957. These are some of the factors which have entered into this situation with which we are confronted tonight, and with which the coal miners of Nova Scotia are confronted.

I should like to point this out, Mr. Speaker, that in 1958, despite this acceleration in competition, despite oil, despite the dieselization, despite gas, despite the high water level to which the hon. member for Inverness-Richmond referred and which resulted in the loss of the equivalent of 250,000 tons of coal and the substitution therefor of electrical energy fed into industrial furnaces; despite all that, last year Nova Scotia had the highest record of employment for miners of any other coal field in North America or in Europe. The reason for that is the subvention policy of this government which provided increased

markets for that coal. There is no question about that, and I have the comparative figures here.

I am not going to take the time of the house to put all these figures on the record. Last year the average days worked by miners in all mines in the United States was 203. It had been much higher and had fallen consistently until last year. In Pennsylvania, it was 208 days and in West Virginia, 219 days. However, in Nova Scotia, removed, as it is from the economic centre of this country and facing these various competitions to which I have referred, the average employment of the miners was 238 days per year. As I say, this was higher than anywhere else in North America and higher than any place in Europe.

This problem that we are facing, of course, is common all over the western world. There are riots in Great Britain, troubles in Germany and in the United States because of unemployment in coal fields. It is a problem that requires a tremendous amount of study, the exercise of judgment and courage in trying to achieve a solution. I agree entirely with the hon. members who have spoken here before that given a period of a few years there is an expanding and continuing market for coal in Canada, and particularly for that produced in Nova Scotia. But at the moment, all I can say is that this present Canadian government is expending more money on subventions than has ever been spent by any government heretofore. We have done more to maintain employment and develop the production of coal in Nova Scotia than any government has done in the past.

This policy, Mr. Speaker, will be continued. As has been suggested here, there are studies going on at the moment. What the ultimate solution will be is not for me to say. I cannot say; it is a matter of study and determination. The people of Nova Scotia, hon. members in this house and the people generally, can rest assured that every possible attention is being paid to this problem and a solution will be worked out. It may not be an entirely satisfactory one because there is no solution which can be entirely satisfactory. However, a solution will be worked out whereby the industry will be protected, will be maintained in the best way possible in the economic circumstances with which we are faced at the moment.

Mr. Speaker: Order; it being 10 o'clock, it is my duty pursuant to section (4) (f) of standing order 56 to interrupt these proceedings and put forthwith the motion now before the house.

Motion agreed to, and the house went into committee, Mr. Rea in the chair.

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF FISHERIES

127. Departmental administration, $398,000.

DEPARTMENT OF JUSTICE

149. Departmental administration, including annual contribution of $200 to the conference of commissioners on uniformity of legislation in Canada, $741,825.

DEPARTMENT OF TRANSPORT

392. Departmental administration, $2,587,500.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Denis: Would the leader of the house tell us what the business is for tomorrow?

Mr. Green: Tomorrow, we shall commence with the second reading of the bill to amend the Trans-Canada Highway Act; then, continue with second reading of the bill to amend the Veterans Rehabilitation Act and also second reading of the bill to amend the War Services Grants Act. These two last mentioned bills are to be referred to the standing committee on veterans affairs. Then, we shall take resolution No. 10 on today's order paper preceding a bill to provide for parliamentary secretaries; then, item No. 8 on today's order paper, the resolution preceding the bill to amend the Federal-Provincial Tax-Sharing Arrangements Act; then, the estimates of the Department of Citizenship and Immigration.

At 10 p.m. the house adjourned, without question put, pursuant to standing order.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

C.B.C.—FRENCH FILMS BOUGHT OR RENTED

Question No. 68—**Mr. Howard:**

1. From January 1, 1957 to December 31, 1958, has the Canadian Broadcasting Corporation bought or rented any French language films?

2. If so, (a) what was the title of and the price paid for each film, with an indication given as to whether bought or rented; (b) from whom was each film purchased or rented?

3. Since January 1, 1959, has the Canadian Broadcasting Corporation bought or rented any French language films?

4. If so, (a) what was the title of and the price paid for each film, with an indication given as to whether bought or rented; (b) from whom was each film purchased or rented?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. The Canadian Broadcasting Corporation advises that almost all films which were used were acquired on a rental basis and that purchases of films were very rare and were confined mainly to short footage such as inserts or fill-ins.

2. With respect to No. 2 I am advised that so many titles are involved in preparing a list of films rented for the two-year period that it would require several months of research to produce and prepare such a list of over 7,500 titles and consequently I would ask that this question be dropped. Specific information could be made available, however, on any particular series of films or for a limited period.

3. Yes.

4. A list of French language films obtained on a rental basis and used during January, 1959, and showing the names of distributors is attached as appendix I.

It is not considered to be in the public interest to disclose amounts of payments for use of films under rental contracts as it would affect the position of the corporation in a competitive business in negotiating other film contracts.

List of Films Shown on Television Stations of Canadian Broadcasting Corporation
January 1959

Date	Titles	Distributors
1-1-59	Vœux du Gouv. Général Vincent Massey	Radio-Canada
1-1-59	Alice au Pays des Merveilles	Screen Gems (Toronto)
1-1-59	Albert au Sport d'Hiver	Canadian Video (Montreal)
1-1-59	Nicolas au Pôle Nord	Cie Cinématographique Canadienne (Montreal)
1-1-59	Wedding Bells (Paul Terry)	A & F Educational (Montreal)
1-1-59	Les Trois Mousquetaires (Les cochers de Paris)	ABC Film Syndication (N.Y.)
1-1-59	Florian Zabach No. 3 item 4	Transatlantic (Montreal)
1-1-59	La Montagne est Verte	Inter TV Films (Montreal)
1-1-59	Petit Théâtre (Valentine mon amour)	Soc. Information et de Publicité (France)
1-1-59	Concert Michel Legrand (Montmartre nocturne)	Imperial Films (Montreal)
1-1-59	Sherlock Holmes (Enigme du train de nuit)	Motion Pictures (Toronto)
1-1-59	Strauss No. 9 (Love Song)	A & F Educational (Montreal)
1-1-59	Confidence du Temps Présent	Canadian Video (Montreal)
1-1-59	Télédisque: "Complainte de la butte"	Screen Gems (Toronto)
1-1-59	Carrefour: Interview Minou Drouet	Télé France Film (France)
1-1-59	Cinéfeuilleton: Deux de l'escadrille 7e	Télé International (Montreal)
1-1-59	Prenez le Café avec...Brassay	Screen Gems (Toronto)
2-1-59	Enquête du 58	Canadian Video (Montreal)
2-1-59	Carrefour: Michel de Ghelderode	Télé France Film (France)
2-1-59	Boléro de Ravel	Filmex Ltd. (Montreal)
2-1-59	Vie Canadienne no 26 (Ombre sur la Prairie)	Office National (Montreal)
2-1-59	Théâtre des Étoiles (Toc Toc printemps)	Screen Gems (Toronto)
2-1-59	Robin des Bois (Un mari pour Lady Marian)	Hudson Prod (Montreal)
2-1-59	Guendalina	Transatlantic (Montreal)
2-1-59	Pour Elle no 430	Tele France Film (Paris)
2-1-59	Cinéfeuilleton: Deux de l'escadrille 8e	Télé International (Montreal)
2-1-59	Monde est nôtre (Un peuple renait)	B.B.C. (Ottawa)
2-1-59	Opium	Screen Gems (Canada) Ltd (Tor.)
2-1-59	Énigme du Gibraltar	Rank Films Dist. (Montreal)

List of Films Shown on Television Stations of Canadian Broadcasting Corporation—Con.

Dates	Titles	Distributors
2-1-59	Pile ou face N° 15 (Actualités)	Télé International (Montreal)
2-1-59	Florian Zabach n° 4 (item 3)	Transatlantic Films (Montreal)
3-1-59	Gros plan (Edwidge Feuillère)	Télé International (Montreal)
3-1-59	Scotland Yard (Étrange affaire Blondie)	Screen Gems (Canada) Ltd (Tor.)
3-1-59	Les évadés	Ciné Monde Canadien Ltée (Mtl)
3-1-59	Télédisque: "Tout est permis quand on rêve"	Screen Gems (Canada) Ltd (Tor.)
3-1-59	Carrefour: "De Gaulle" "Rostand"	R.T.F. Télé France Film (France)
3-1-59	Cinéfeuilleton: Chanteur inconnu (1er)	Télé International (Montreal)
3-1-59	Les Esquimaux	Faculté de l'Agriculture (Quebec)
3-1-59	Trois Mousquetaires n° 15 (Flèche flamboyante)	ABC Film Syndication (New York)
3-1-59	Tour de France de deux enfants n° 5	Télé International (Montreal)
3-1-59	Florian Zabach n° 33 (item 2)	Transatlantic Films Co.
3-1-59	Sadko	Telefilm of Canada Ltd (Toronto)
3-1-59	Florian Zabach (n° 33 (item 2)	Transatlantic Films Co. (Montreal)
3-1-59	Braconnier mystérieux	Rank Films Dist. (Montreal)
3-1-59	Gumby (In the Dough)	Fremantle of Canada Ltd (Tor.)
4-1-59	Temps présent (Urbanisme)	Office National du Film (Montreal)
4-1-59	Bourgeois gentilhomme	Ciné Monde (Montreal)
4-1-59	Victoire sur mer n° 14 (Libération de Rome)	N.B.C. TV (New York)
4-1-59	Mantovani No. 18 (Music of Vienna)	Caldwell Ltd (Toronto)
4-1-59	Le péché d'une mère	Head Amusements (Montreal)
4-1-59	Don Pasquale (Donizetti)	Fremantle of Canada Ltd (Toronto)
4-1-59	Une Fée pas comme les autres	Charles Black (Suisse)
4-1-59	Évasion Africaine	Imperial Films (Montreal)
4-1-59	Ciné Panorama No. 18	Screen Gems (Canada Ltd) (Tor.)
4-1-59	Rosemonde (Schubert)	Fremantle of Canada Ltd (Toronto)
4-1-59	Roman de la science (James Watt)	Niagara Films (Montreal)
4-1-59	Ivanhoe No. 5 (Rinaldo)	Screen Gems (Canada) Ltd (Toronto)
4-1-59	Vacances d'une Camera (Gaspesie Pittoresque)	Faculte de l'Agriculture (P. Q.)
4-1-59	Grandes Dates en 1958 (Film)	Radio Canada
4-1-59	Comte de Monte Cristo No. 37	Television Program of America (N. Y.)
4-1-59	Teledisque: (Berger Mexicain)	Screen Gems (Canada) Ltd (Toronto)
5-1-59	Strauss No. 7 (Tales of Vienna Woods)	A & F Educational (Montreal)
5-1-59	Lettres de Mon Moulin, Les	Cine Monde Canadien Ltee (Montreal)
5-1-59	Andre Segovia No. 3	Screen Gems (Canada) Ltd (Toronto)
5-1-59	Carnaval de Quebec	Nova Films (Quebec)
5-1-59	Quand Paris reçoit Paris No. 7	S.I.P.T. (France)
5-1-59	Strauss No. 10 (Thousand and one nights)	A & F Educational (Montreal)
5-1-59	Aventures: Bold Journey No. 407	Cockfield Brown & Co. Ltd (Vancouver)
5-1-59	Connaissance du Monde (Same Jakki)	Telefilm of Canada Ltd (Toronto)
5-1-59	Aigle Noir No. 111	Caldwell Ltd (Toronto)
5-1-59	Coup d'Oeil No. 39 item 2	Office National du Film (Montreal)
5-1-59	Furie No. 94 (The Feud)	TV Program of America (N. Y.)
5-1-59	Sel de la Terre	Canadian Video (Montreal)
5-1-59	Ciné Feuilleton: Chanteur inconnu 2e	Tele International (Montreal)
6-1-59	L'Amour Mène les Hommes	Transatlantic Films Co. (Montreal)
6-1-59	Rendez vous avec . . . Dalida	Tele International (Montreal)
6-1-59	Histoire d'Amour: Belle que voila 1er	Tele International (Montreal)
6-1-59	Télé Policier: Femmes s'en balançent 1er	Tele International (Montreal)

Questions

List of Films Shown on Television Stations of Canadian Broadcasting Corporation—Con.

Dates	Titles	Distributors
6-1-59	Maison du Souvenir	International Films Dist (Montreal)
6-1 59	Pile Dufface No. 8	Tele International (Montreal)
6-1-59	Pile ou Face No. 27	Tele International (Montreal)
6-1-59	Courrier du Roy	Radio Canada
6-1-59	Vie Qui Bat (Petits animaux)	A & F Educational (Montreal)
6-1-59	Carrefour: Magazine du cinéma No. 4	Tele Monte Carlo (Monaco)
6-1-59	Carrefour: Magazine du cinéma No. 5	Tele Monte Carlo (Monaco)
6-1-59	BBC Interlude	Radio Canada
6-1-59	Ciné Feuilleton: Chanteur inconnu 3e	Tele International (Montreal)
6-1-59	Par le Trou de la Serrure (Jean Coutu)	Niagara (Montreal)
7-1-59	Texas	Screen Gems (Canada) Ltd. (Tor.)
7-1-59	Sur la piste des Mashomba	Rank Films Dist. (Montreal)
7-1-59	Hasard est sur la Terre, Le	Screen Gems (Canada) Ltd. (Tor.)
7-1-59	Pepe le Cow Boy (Film)	Radio Canada
7-1-59	Le Royaume du Saguenay	Faculté de l'Agriculture (P.Q.)
7-1-59	Carrefour: Pierre Boulez	Tele France Film (France)
7-1-59	Carrefour: André Maurois	Art Films (Montreal)
7-1-59	Le Tour du St-Laurent	Nova Films (Quebec)
7-1-59	Cinéfeuilleton: Chanteur inconnu 4e	Tele International (Montreal)
7-1-59	Variétés Miniatures: (Une histoire d'amour en 4 chansons)	Tele International (Montreal)
7-1-59	Télédisque: "L'illusionniste"	Screen Gems (Canada) Ltd. (Tor.)
	" "Relexez-vous"	Screen Gems (Canada) Ltd. (Tor.)
7-1-59	Courte Tête	Rank Films (Montreal)
7-1-59	Télé Policier: Femmes s'en balançent 2e épi.	Tele International (Montreal)
8-1-59	Florian Zabach No. 4 item 1	Transatlantic Films (Montreal)
8-1-59	Sahara Chance Commune	Transatlantic Films (Montreal)
8-1-59	Carrefour: "Léo Ferré"	Tele France Film (France)
8-1-59	Florian Zabach No. 6 item 1	Transatlantic Films (Montreal)
8-1-59	Réalités: La langue bien pendue	Inter TV Films (Montreal)
8-1-59	Cinéfeuilleton: Chanteur inconnu 5e	Tele International (Montreal)
8-1-59	Petit Théâtre: "Le roi du Jour"	Soc. Information & Publicité (France)
8-1-59	Strauss No. 13 (Roses from the South)	A&F Educational (Montreal)
8-1-59	Télédisques: "Java du diable"	Screen Gems (Canada) Ltd. (Tor.)
"	" "Le tour du monde"	" " " " "
"	" "Une page blanche"	" " " " "
"	" "Dansez du Rock & Roll"	" " " " "
"	" "Madeleine"	" " " " "
8-1-59	Un Certain Monsieur Jo.	International Films Dist. (Mtl.)
8-1-59	Mon Phoque et elle	Cine World Canadian Corp. (Mtl.)
8-1-59	La Montagne du Danger	Rank Films Dist. (Canada) (Mtl.)
8-1-59	Trois Mousquetaires (L'infante d'Espagne)	ABC Films Syndication (N.Y.)
9-1-59	Pirates des Sept Mers	United Artists Corp. (Montreal)
9-1-59	Télédisque: Petit Indien	Screen Gems (Toronto)
9-1-59	Rivière Enchantée	Rank Films Dist. (Montreal)
9-1-59	Roi de la jungle (Mangeur d'homme)	Screen Gems (Canada) Ltd. (Tor.)
9-1-59	Oflag XVII-A	Transatlantic Films (Montreal)
9-1-59	Carrefour: Magazine du cinéma no 6	Télé Monte Carlo (Monaco)
9-1-59	Carrefour: Magazine du cinéma no 8	Tele International (Montreal)
9-1-59	Ciné feuilleton: Chanteur inconnu 6e épisode	Télé France Film (Paris)
9-1-59	Pour elle no 431	Tele International (Montreal)
9-1-59	Ballades de Paris no 1	Screen Gems (Toronto)
9-1-59	Théâtre des étoiles (Don de la Jeunesse)	Hudson Production
9-1-59	Robin des bois (Les cordonniers)	Premier Film of Canada (Mont.)
9-1-59	Château des 4 Veuves	Inter TV Films Ltd. (Montreal)
9-1-59	A tous vents série: (Paris flâneur)	Fremantle (Toronto)
10-1-59	Fra Diavolo	R.T.F. (Radio TV Fran.) (Paris)
10-1-59	Carrefour: "Investiture De Gaulle"	Tele International (Montreal)

List of Films Shown on Television Stations of Canadian Broadcasting Corporation—Con.

Dates	Titles	Distributors
10-1-59	Ciné feuilleton: Chanteur inconnu 7e épisode	Tele International (Montreal)
10-1-59	Prenez le café avec—Simone Dreyful	Screen Gems (Canada) Ltd. (Tor.)
10-1-59	Gros plan: Bourvil	Tele International (Montreal)
10-1-59	Télédisque: Quand je danse	Screen Gems (Toronto)
10-1-59	Scotland Yard: "Trafiquants de drogues"	Screen Gems (Toronto)
10-1-59	Milord l'Arsouille	Premier Films of Canada (Mont.)
10-1-59	Le Siffleur: "Meurtre par ordre alphabétique	S. W. Caldwell Ltd. (Toronto)
10-1-59	Sur la Piste des Mohawks	A. & F. Educational (Montreal)
10-1-59	Trésor du Moulin	Rank Films Dist. (Montreal)
10-1-59	Strauss no 13 (Roses from the South)	A. & F. Educational (Montreal)
10-1-59	Tour de la France No. 7 (Reims)	Tele International (Montreal)
11-1-59	La grande aventure	International Films Dist. (Mont.)
11-1-59	Grande descente, La	Transatlantic (Montreal)
11-1-59	Ciné Panorama no 20	Screen Gems (Toronto)
11-1-59	Don Giovani (Mozart)	Fremantle of Canada Ltd. (Tor.)
11-1-59	Roman de la science (Galien)	Niagara Films Prod. (Montreal)
11-1-59	Ivanhoe: "La rançon"	Screen Gems (Toronto)
11-1-59	Vacances d'une Caméra (Au pays des belles fourrures)	Nova Films (Quebec)
11-1-59	Comte de Monte Cristo no 29	TV Program of America (N.Y.)
11-1-59	Strauss No. 1 (Artist Life)	A & F Educational (Montreal)
11-1-59	Temps Présent (Jour de Battage)	Office National du Film (Mtl)
11-1-59	Victoire sur Mer No. 15 (Jour J)	N.B.C. TV Films (New York)
11-1-59	Cinéma du dimanche "Les indiscrètes"	Premiere Films (Montreal)
11-1-59	Mantovani No. 19 (Request)	S.W. Caldwell Ltd (Toronto)
11-1-59	Pain Vivant, Le	Cine Monde (Montreal)
12-1-59	Un souhait de trop	Rank Films Dist (Montreal)
12-1-59	Little Heroes (Paul Terry)	A & F Educational (Montreal)
12-1-59	Rendez-vous avec . . . Yves Montand	Tele International (Montreal)
12-1-59	Florian Zabach No. 1 item 3	Transatlantic (Montreal)
12-1-59	Aventures: "Odyssée du Dr. Bombard"	Transatlantic (Montreal)
12-1-59	Scotland Yard: "Le brouillard se lève"	Screen Gems (Toronto)
12-1-59	Marianne de ma jeunesse	Transatlantic (Montreal)
12-1-59	Aigle Noir No. 123	S.W. Caldwell (Toronto)
12-1-59	Visage d'Australie No 2 item 1	Australian High Commission
12-1-59	Furie No. 95 (Nature Engineers)	TV Program of America (New York)
12-1-59	Carrefour: Aqueduc de Montréal	Cine Vision (Montreal)
12-1-59	Cine Feuilleton: Chanteur inconnu 7e	Tele International (Montreal)
12-1-59	Histoire a suivre: Inconnu d'un soir-1er	Tele International (Montreal)
13-1-59	Par le trou de la serrure: Ludmilla Chiriaeff	Niagara Films (Montreal)
13-1-59	Récréation: "L'amoureux de la Seine"	Tele International (Montreal)
13-1-59	Concert sur film No. 15 item 4	Julien Riopel Prod (Montreal)
13-1-59	L'enfant du Cirque: "Roi des chapitaux"	Screen Gems (Toronto)
13-1-59	Florian Zabach No. 28 item 4	Transatlantic (Montreal)
13-1-59	Histoire d'amour: Belle que voilà 2e épisode	Tele International (Montreal)
13-1-59	Vie qui bat: Animaux curieux du Venezuela	Robjou ou Inter TV Films (Mtl)
13-1-59	Carrefour: Magazine du cinéma	Tele Monte Carlo (Monaco)
13-1-59	La Gaza Londra	Fremantle (Toronto)
13-1-59	Ciné feuilleton: Boniface somnambule Épi. 1	Tele International (Montreal)
13-1-59	Histoire a suivre: Inconnu d'un soir	Tele International (Montreal)
13-1-59	Télédisque: V-191	Screen Gems (Toronto)
13-1-59	Bien faire et la séduire	Screen Gems (Toronto)
13-1-59	Roi de la Jungle: "Pays des terreurs"	Screen Gems (Toronto)
13-1-59	Visage d'Australie No. 2 item 5	Australian Diary High Comm.
13-1-59	Crazy Magic No. 8 (cartoon)	Telefilm of Canada (Toronto)
13-1-59	Auto Clinic (cartoon)	Telefilm of Canada (Toronto)
13-1-59	Popeye the Sailor: "Hospitality (cartoon)	United Telefilm Toronto)
13-1-59	Gumby: "Mocking Monkey" (cartoon)	Fremantle (Toronto)
13-1-59	Courrier du Roy (Kine)	Radio-Canada

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List of Films Shown on Television Stations of Canadian Broadcasting Corporation—Con.

Dates	Titles	Distributors
14-1-59	Cine Feuilleton: Boniface somnambule Epi. 2	Tele International (Montreal)
14-1-59	Histoire à suivre: Inconnu d'un soir Epi. 3	Tele International (Montreal)
14-1-59	Manon des Sources	Cie Cinematographique (Montreal)
14-1-59	Florian Zabach No. 15 item 1	Transatlantic (Montreal)
14-1-59	Les Iles de la Madeleine	Faculté de l'Agriculture (P.Q.)
14-1-59	Florian Zabach No. 28 item 3	Transatlantic (Montreal)
14-1-59	Braco	Charles Black (Suisse)
14-1-59	Le Grand Combat	Quebec TV Booking (Montreal)
14-1-59	Rose et le Radis	Transatlantic (Montreal)
14-1-59	Bim	France Europe (Montreal)
15-1-59	André Ségovia Récital: item 2	Screen Gems (Toronto)
15-1-59	Quand Paris reçoit Paris No. 17	Soc. de programme pour Tele-diffusion (France)
15-1-59	Destinées	Cine Monde (Montreal)
15-1-59	Florian Zabach No. 15 item 3	Transatlantic (Montreal)
15-1-59	Quand Paris reçoit Paris No. 23	S.I.P.T. (France)
15-1-59	Ciné Feuilleton: Boniface somnambule Epi. 3	Tele International (Montreal)
15-1-59	Histoire à suivre: Inconnu d'un soir Epi. 4	Tele International (Montreal)
15-1-59	Petit Théatre: "Un homme si calme"	Soc. d'Information et de Publicité (Paris)
15-1-59	Strauss No. 11 "Treasure Waltz"	A & F Educational (Montreal)
15-1-59	Carrefour: Pour l'amour de nos enfants	Hôpital Ste. Justine (Montreal)
15-1-59	Trailer "Destinée"	Cinedis
15-1-59	Florian Zabach No. 9 item 1	Transalantic (Montreal)
15-1-59	Vacances d'une Caméra: "Le chantier de l'abbaye"	Atelier St-Gregoire
15-1-59	Florian Zabach No. 29 item 2	Transatlantic (Montreal)
15-1-59	Les trois mousquetaires: Épée Gascogne	ABC Film Syndication (N. Y.)
15-1-59	Crazy Cat: Barnyard Babies (cartoon)	Telefilm (Toronto)
15-1-59	Pile ou Face No. 26 (La bicyclette)	Tele International (Montreal)
15-1-59	Gumby: Mirror Land (cartoon)	Fremantle (Toronto)
15-1-59	Scrappy: Happy Brithday (cartoon)	Telefilm of Canada Ltd (Toronto)
15-1-59	Coup de feu au matin	United Artists (Toronto)
15-1-59	Little Lulu "Beau Ties" (cartoon)	A & F Educational (Montreal)
16-1-59	Robin des bois (Le jongleur)	Hudson Production
16-1-59	Playhouse 90' (Confession)	Screen Gems (Toronto)
16-1-59	Prenez le café avec...Maurice Toesca	Screen Gems (Toronto)
16-1-59	Théâtre des étoiles (Portrait de Lydia)	Screen Gems (Toronto)
16-1-59	Histoire à suivre: Inconnu d'un soir 5e	Tele International (Montreal)
16-1-59	Pour elle No. 432	Tele France Film (Paris)
16-1-59	Vers la compétence	Faculté de l'agriculture (P.Q.)
16-1-59	Trailer: "Confession"	Screen Gems (Toronto)
16-1-59	Ciné feuilleton: Somnambule Boniface 4e	Tele International (Montreal)
16-1-59	Visage d'Australie nº 1 item 5	Australian High Commission
16-1-59	Vacances d'une camera: Paris la nuit	Transatlantic (Montreal)
16-1-59	Les misérables (La vie de Jean Valjean)	A & F Educational (Montreal)
16-1-59	Le skieur solitaire	Rank Films (Montreal)
16-1-59	Roi de la jungle No. 3 (Trésor de l'amazone)	Screen Gems (Toronto)
17-1-59	Mission diabolique	Atlas Film (Montreal)
17-1-59	Continental Cocktail	Screen Gems (Toronto)
17-1-59	Télédisque: Fallait pas rire	Screen Gems (Toronto)
17-1-59	Scotland Yard "La malle mystérieuse"	Screen Gems (Toronto)
17-1-59	Ciné feuilleton: Boniface somnambule 5e	Tele International (Montreal)
17-1-59	Histoire à suivre: Inconnu d'un soir 6e	Tele International (Montreal)
17-1-59	Gros plan: "Eddie Constantine"	Tele International (Montreal)
17-1-59	Si toutes les villes du monde	Films De La Madeleine Prod: André Roche (Montreal)
17-1-59	Trailer: "La peau de l'ours"	Atlas Film (Montreal)
17-1-59	Tour de France de deux Enfants No. 6	Tele International (Montreal)
17-1-59	Coup d'œil No. 58 item 2	Office National du Film (Montreal)

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Dates	Titles	Distributors
17-1-59	Trois Mousquetaires: "Pas de vacances pour les Mousquetaires"	ABC Film Syndication (N.Y.)
17-1-59	Visage d'Australie No. 2 item 4	High Commission of Australia
17-1-59	Amis pour la Vie	International Film Dist. (Mont.)
17-1-59	Janek prend la Fuite	Rank Films (Montreal)
18-1-59	Albert Schweitzer	International Film Dist. (Mont.)
18-1-59	Victoire sur Mer No. 16 (La mort des tueurs)	NBC TV Films (New York)
18-1-59	Mantovani No. 20 (Request program No. 2)	S. W. Caldwell (Toronto)
18-1-59	Temps Présent (Jour de Juin)	Office National du Film (Mont.)
18-1-59	Ultimatum	Sterling Film 9 (Toronto)
18-1-59	Comte de Monte Cristo No. 36	TV Program of America (N.Y.)
18-1-59	Florian Zabach No. 24 item 3	Transatlantic (Montreal)
18-1-59	Vacances d'une Caméra: Esquisse Atlantique	Andre Roche (Montreal)
18-1-59	Strauss No. 9 (Love Song Waltz)	A & F Educational (Montreal)
18-1-59	Roman de la Science (M. Faraday)	Niagara Film (Montreal)
18-1-59	Ivanhoe No. 2 (Le bon géant)	Screen Gems (Toronto)
18-1-59	Ciné Panorama No. 19	Screen Gems (Toronto)
18-1-59	Télédisque: (L'illusionniste)	Screen Gems (Toronto)
18-1-59	La Peau de l'Ours	Atlas Film (Montreal)
18-1-59	Image d'Anghor	Transatlantic (Montreal)
19-1-59	Invitation à la Danse	Fremantle (Toronto)
19-1-59	Les Sorcières de Salem	Screen Gems (Toronto)
19-1-59	Le Siffleur (L'autre main)	S. W. Caldwell (Toronto)
19-1-59	Florian Zabach No. 19 item 3	Transatlantic (Montreal)
19-1-59	Aventures: Bold Journey (Trail to Sonora)	Sockfield Brown (Vancouver)
19-1-59	Carrefour: Le vieux Montréal (Louis Cyr)	Benoit Film Prod (Montreal)
19-1-59	Ciné feuilleton: Boniface somnambule 6e	Télé International (Montreal)
19-1-59	Histoire à suivre: Inconnu d'un soir 7e	Télé International (Montreal)
19-1-59	Florian Zaback nº 5 item 5	Transaltantic (Montreal)
19-1-59	Furie nº 96 (Strong Man)	TV Program of America (New York)
19-1-59	Jean le Forain	Rank Films (Montreal)
19-1-59	Aigle Noir nº 112	S. W. Caldwell (Toronto)
20-1-59	Histoire à suivre: Belle que voilà 3e	Tele International (Montreal)
20-1-59	Grand'Rue	Ciné Monde Canadien Ltée (Mtl)
20-1-59	Récréation: "Belle et le Boa"	Tele International (Montreal)
20-1-59	Rendez-vous avec... Guy Beart	Tele International (Montreal)
20-1-59	Histoire à suivre: Inconnu d'un soir 8e	Tele International (Montreal)
20-1-59	Par le Trou de la Serrure (Olivette Thibault)	Niagara Film (Montreal)
20-1-59	Carrefour: Vieux Montréal (Séminaire de St-Sulpice)	Réal Benoît (Montreal)
20-1-59	Trailer: "Grand'Rue"	Tele International (Montreal)
20-1-59	Ciné Feuilleton: Boniface somnambule 7e	Tele International (Montreal)
20-1-59	Vie qui bat: Instinct maternel	Telefilm of Canada Ltd (Toronto)
20-1-59	Eye & the guitar (The drawbridge)	A & F Educational (Montreal)
20-1-59	Petits cailloux grands chemins	Canadian Video (Montreal)
20-1-59	Courrier du roi (nº 15) (film)	Radio-Canada
20-1-59	Gumby: "Toying Around" (cartoon)	Fremantle (Toronto)
20-1-59	Pile ou face nº 32	Tele International (Montreal)
20-1-59	Popeye the sailor: "Can you take it" (cartoon)	United Telefilm (Toronto)
20-1-59	Little Lulu: "Lulu in Hollywood" (cartoon)	A & F Educational (Montreal)
20-1-59	Titanic	Transatlantic (Montreal)
20-1-59	BBC Interlude (Up Stream)	Radio-Canada
20-1-59	Krazy Kat: Happy Family (cartoon)	Telefilm of Canada Ltd (Toronto)
21-1-59	Télédisque: Petit mendiant	Screen Gems (Toronto)
21-1-59	Voyage interrompu	Sterling Film (Toronto)
21-1-59	Collégiens troubadours nº 62 (Suspense)	Réal Benoît (Montreal)
21-1-59	Portes de l'enfer	Screen Gems (Canada) Ltd (Mtl)
21-1-59	Rendez-vous avec Maurice Chevalier nº 1	Ciné Monde (Montreal)
21-1-59	Coup d'œil nº 48 item 1	Office National du Film (Mtl)

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Dates	Titles	Distributors
21-1-59	Carrefour: Traversée d'hiver à l'île aux Coudres	Crawley Film (Montreal)
21-1-59	Ciné Feuilleton: Boniface somnambule 8e	Tele International (Montreal)
21-1-59	Histoire à suivre: Amoureux de Marianne	Tele International (Montreal)
21-1-59	Télédisque: C'est vers elle que tu vas	Screen Gems (Toronto)
21-1-59	Vacances d'une caméra: Machine et l'homme	Transatlantic (Montreal)
21-1-59	Le maître de forges	Cie Cinématographique (Mtl)
21-1-59	Noël en brousse	Rank Films (Montreal)
22-1-59	Roi de la Jungle No. 1 (Yeux de Manoha)	Screen Gems (Toronto)
22-1-59	Dos au mur, Le	Atlas Film (Montreal)
22-1-59	Hungarian March	Fremantle (Toronto)
22-1-59	Petit Théâtre: No. 3 (Palais de la Pizza)	Soc. Information & Publicité
22-1-59	Coup d'œil No. 68 item 3	Office National du Film (Mtl)
22-1-59	Carrefour: Magazine du cinéma No. 10	Tele Monte Carlo (Monaco)
22-1-59	Ciné Feuilleton: L'appel du destin épi. 1	Tele International (Montreal)
22-1-59	Histoire à suivre: Les amoureux de Marianne	Tele International (Montreal)
22-1-59	Vers l'inconnu	Collyer Advertising (Montreal)
22-1-59	Vacances dune caméra: "Beaujolais 1er fleuve de France"	Canadian Video (Montreal)
22-1-59	Coup d'œil No. 4 item 3	Office National du Film (Mtl)
22-1-59	Trois Mousquetaires: Chasse à la clé	ABC Film Syndication (New York)
22-1-59	Vagabond No. 2 item 1	Transatlantic (Montreal)
22-1-59	Filles des Marais	Transatlantic (Montreal)
22-1-59	Petite Ballerine	Rank Films (Montreal)
23-1-59	Playhouse 90' (Histoire de Miss Blackwell)	Screen Gems (Toronto)
23-1-59	Dans le ciel de Paris	Charles Black (Suisse)
23-1-59	Théâtre des Étoiles	Screen Gems (Toronto)
23-1-59	Robin des Bois (Le couronnement)	Hudson Prod
23-1-59	Pour Elle No. 433	Tele France Film (France)
23-1-59	Prenez le café avec...Noël Martin	Screen Gems (Toronto)
23-1-59	Trailer: l'histoire de Miss Blackwell	Screen Gems (Toronto)
23-1-59	Ciné Feuilleton: Appel du destin 2e	Tele International (Montreal)
23-1-59	Histoire à suivre: Amoureux de Marianne 2e	Tele International (Montreal)
23-1-59	Des Pays et des Hommes (Nouvel an chinois)	Screen Gems (Toronto)
23-1-59	Coup d'œil No. 49 item 2	Office National du Film (Mtl)
23-1-59	Vacances D'une Camera "Colomb Béchard"	Transatlantic (Montreal)
23-1-59	Coup d'Oeil No. 44 item 3	Office National du Film (Mtl)
23-1-59	Gumby: Odd Balls (cartoon)	Fremantle (Toronto)
23-1-59	Little Lulu: Gets the Birdie (cartoon)	A & F Educational (Montreal)
23-1-59	Scrappy: Graduation Exercises (cartoon)	Telefilm (Toronto)
23-1-59	Popeye the Sailor (Dizzy Divers) cartoon	United Telefilm (Toronto)
23-1-59	Retour de Flamme	Quebec TV Booking (Montreal)
23-1-59	Plans Secrets	Rank Films (Montreal)
23-1-59	BBC Interlude "Church & Mill"	Radio-Canada
24-1-59	Chants Populaires de M. Llobet	Screen Gems (Toronto)
24-1-59	Gardez vos Distances	Andre Roche (Montreal)
24-1-59	Viens à la Maison (Jacques Jansen)	Screen Gems (Toronto)
24-1-59	Scotland Yard: Étrange affaire Drayton	Screen Gems (Toronto)
24-1-59	Honoré de Marseille	Screen Gems (Toronto)
24-1-59	Gros Plan: Bernard Blier	Tele International (Montreal)
24-1-59	Eye and the Guitar (The fisherman)	A & F Educational (Montreal)
24-1-59	Cinéfeuilleton: Appel du destin épi. 3	Tele International (Montreal)
24-1-59	Histoire a Suivre: Amoureux de Marianne 4e	Tele International (Montreal)
24-1-59	Carrefour: Des Pays et des Hommes (Band 1 Turkestan)	Screen Gems (Toronto)
24-1-59	Télé Disque: Et voilà le travail	Screen Gems (Toronto)
24-1-59	Le Tour de la France de 2 Enfants No. 8	Tele International (Montreal)
24-1-59	Vagabonds No. 1 item 3	Transatlantic (Montreal)
24-1-59	Trois Mousquetaires (Échec à la reine)	ABC Film Syndication (N. Y.)
24-1-59	Vagabonds No. 2 item 3	Transatlantic (Montreal)
24-1-59	Royal l'Étalon Bagarreur	Screen Gems (Toronto)

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24-1-59	De Bouche à Oreille	Canadian Video (Montreal)
24-1-59	Le Grand John	Telefilm of Canada Ltd (Toronto)
24-1-59	BBC Interlude (Palm Beach)	Radio-Canada
25-1-59	Roméo et Juliette	Telefilm of Canada Ltd (Toronto)
25-1-59	Victoire sur Mer No. 17 (Épopée de Guam)	NBC TV Films (New York)
25-1-59	Mantovani No. 21 (Music for lovely Ladies)	S. W. Caldwell (Toronto)
25-1-59	Temps présent: Un fleuve à découvrir	Office national du film (Montreal)
25-1-59	Je suis un nègre	Telefilm of Canada Ltd. (Toronto)
25-1-59	Comte de Monte Cristo No. 7	TV Program of America (N. Y.)
25-1-59	Coup d'œil No. 68 item 1	Office national du film (Montreal)
25-1-59	Vacances d'une caméra: Bielles des sables	Canadian Video (Montreal)
25-1-59	Coup d'œil No. 67 item 1	Office national du film (Montreal)
25-1-59	Roman de la science: Dalton et la théorie atomique	Niagara Films (Montreal)
25-1-59	Ivanhoe No. 19 (L'évasion)	Screen Gems (Toronto)
25-1-59	Ciné Panorama No. 21	Screen Gems (Toronto)
25-1-59	Eye and the Guitar (Blood Money)	A & F Educational (Montreal)
25-1-59	Les indes fabuleuses	Screen Gems (Toronto)
25-1-59	Ballade ex atomique	Transatlantic (Montreal)
26-1-59	Vers l'inconnu No. 2	Collyer Advertising
26-1-59	J'avais sept filles	Cine Monde (Montreal)
26-1-59	Le siffleur: Attention à la peinture	S. S. Caldwell (Toronto)
26-1-59	Télédisque: Johnny tu n'es pas un ange	Soc. Internationale de programmes pour télédiffusion (France)
	Dist: Screen Gems (Toronto)	Prod:
26-1-59	Aventures: Bold Journey No. 422	Cockfield Brown (Vancouver)
26-1-59	Norma	Fremantle (Toronto)
26-1-59	Carrefour: Des Pays et des Hommes (Nomade du soleil)	Screen Gems (Toronto)
26-1-59	Prometeo	Fremantle (Toronto)
26-1-59	Ciné feuilleton: Appel du destin 4e	Tele International (Montreal)
26-1-59	Histoire à suivre: Amoureux de Marianne	Tele International (Montreal)
26-1-59	Scrappy: Clock goes round and round	Telefilm of Canada Ltd. (Toronto)
26-1-59	Furie No. 97 (The Scientists)	TV Program of America (N.Y.)
26-1-59	Gumby: Lion Around (cartoon)	Fremantle (Toronto)
26-1-59	Little Lulu: Lulu's Indoor Outing cartoon	A & F Educational (Montreal)
26-1-59	L'enfant du cirque No. 3 (Grand Gambino)	Screen Gems (Toronto)
26-1-59	Télédisque: Petit éléphant	Screen Gems (Toronto)
26-1-59	Popeye the Sailor: Little Sweet Pea	United Telefilm (Toronto)
26-1-59	Conte du méchant dragon	Telefilm of Canada Ltd. (Toronto)
27-1-59	Et ta Soeur	Atlas Film (Montreal)
27-1-59	Concert on Film No. 1 item 4	Julion Riopel (Montreal)
27-1-59	Rendez-vous avec...Frank Courcel	Tele International (Montreal)
27-1-59	Histoire d'Amour: Belle que voilà (4e)	Tele International (Montreal)
27-1-59	Pile ou Face No. 5	Tele International (Montreal)
27-1-59	Télédisque: Chanson de Marty	Screen Gems (Toronto)
27-1-59	Krazzy Kat: Lying Hunter 9	Telefilm (Toronto)
27-1-59	Little Lulu: Loose in a caboose	A&F Educational (Montreal)
27-1-59	L'Extravagant M. Deeds	Screen Gems (Toronto)
27-1-59	Popeye The Sailor: Please to meet cha	United Telefilm (Toronto)
27-1-59	Gumby: Poney Express	Fremantle (Toronto)
28-1-59	Trailer: Air de Paris	Cie Cinematographique (Montr.)
28-1-59	Ciné Feuilleton: Appel du Destin (6e)	Tele International (Montreal)
28-1-59	Histoire à Suivre: Amoureux de Mariane (7e)	Tele International (Montreal)
28-1-59	Télédisque: Petit chaperon rouge	Screen Gems (Toronto)
28-1-59	Secrets du Maroc	Canadian Video (Montreal)
28-1-59	Coup D'Oeil No. 75 item 2	Office National du Film (Mtl).
28-1-59	Roi de la Jungle No. 10 (Fétiche mortel)	Screen Gems (Toronto)
28-1-59	Scrappy: Aw Nurse (cartoon)	Telefilm (Toronto)
28-1-59	Jeunesse en Liberté	Canadian Video (Montreal)

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28-1-59	Little Lulu: Hullaba Lulu (cartoon)	A&F Educational (Montreal)
28-1-59	Gumby: The Egg Strike (cartoon)	Fremantle of Canada Ltd (Tor.)
28-1-59	Un Crime Étrange	Screen Gems (Toronto)
28-1-59	Récréation: (L'étranger)	Tele International (Montreal)
28-1-59	Air de Paris	Cine Monde (Montreal)
28-1-59	Rendez-vous avec...Maurice Chevalier No. 5	Tele International (Montreal)
28-1-59	Eye and the Guitar: Fisherman	A&F Educational (Montreal)
28-1-59	Carrefour: Les routes du Québec	Faculté de l'Agriculture (P.Q.)
28-1-59	Coup de Pistolet	Quebec TV Booking (Montreal)
28-1-59	BBC Interlude (Seascape)	Radio-Canada
28-1-59	Popeye The Sailor (Let's Get Moving)	United Telefilm (Toronto)
27-1-59	Histoire à suivre: Amoureux de Mariane 6e	Tele International (Montreal)
27-1-59	Reportage: Here & There (Pilote de ligne)	Radio-Canada
27-1-59	Carrefour: Contraste	Réal Benoît (Montreal)
27-1-59	Par Dessus nos Rivières	Faculté de l'Agriculture (P.Q.)
27-1-59	Trailer: Et ta soeur	Atlas Film (Montreal)
27-1-59	Ciné Feuilleton: Appel du Destin 5e	Tele International (Montreal)
27-1-59	Courrier du Roy No. 16 (Film)	Radio-Canada
27-1-59	La Vie Qui Bat: Le Brochet	Faculté de l'Agriculture (P.Q.)
29-1-59	Théâtre O'Henry (Le cœur et la main)	A&F Educational (Montreal)
29-1-59	Télédisque: Quel est le peigne	Screen Gems (Toronto)
29-1-59	Dossier Noir	Filmex Ltd (Montreal)
29-1-59	BBC Interlude (Banks of Stream)	Radio-Canada
29-1-59	Vacances d'une caméra: Allah au Cachemire	Filmex Ltd (Montreal)
29-1-59	Eye And The Guitar: Blood Money	A&F Educational (Montreal)
29-1-59	Carrefour: Jeunesse rurale	Faculté de l'Agriculture (P.Q.)
29-1-59	Ciné Feuilleton: Appel du Destin 7e	Tele International (Montreal)
29-1-59	Histoire à Suivre: Amoureux de Mariane 8e	Tele International (Montreal)
29-1-59	Coup d'Oeil No. 54 item 3	Off. Nat. du Film (Montreal)
29-1-59	BBC Interlude (Church & Mill)	Radio-Canada
29-1-59	Pile ou Face No. 17 (Interview)	Tele International (Montreal)
29-1-59	Popeye The Sailor: My feeling is hurt	United Telefilm (Toronto)
29-1-59	Trois Mousquetaires: Deux faucons aimaient d'amour tendre	ABC Film Syndication (New York)
29-1-59	Gumby: Toy Crazy (cartoon)	Fremantle (Toronto)
29-1-59	Little Lulu: Cad and Caddy (cartoon)	A&F Educational (Montreal)
29-1-59	Vivre En Paix	Quebec TV Booking (Montreal)
29-1-59	Popeye The Sailor: Lost & Foundry	United Telefilm (Toronto)
30-1-59	Robin des Bois (Les fiançailles)	Hudson Productions
30-1-59	Les fiancées De Rome	Telefilm of Canada Ltd (Toronto)
30-1-59	Théâtre des Étoiles (La fugitive)	Screen Gems (Toronto)
30-1-59	BBC Interlude (Palm Beach)	Radio-Canada
30-1-59	Pour Elle No. 434	Tele France Film (France)
30-1-59	Prenez le Café avec... Grégoire	Screen Gems (Toronto)
30-1-59	Coup d'œil no 73 item 1	Office National du Film (Montreal)
30-1-59	Ciné Feuilleton: Appel du Destin 8e	Télé International (Montreal)
30-1-59	Histoire à suivre: Gitane de Grenade Ep. 1	Télé International (Montreal)
30-1-59	Carrefour: Int. Gillet	Paris Crew
30-1-59	Carrefour: Int. Hertzog	Paris Crew
30-1-59	Interview Judith Jasmin (Guy Laroche)	Télé France Film (France)
30-1-59	Vacances d'une caméra: Homme dans un bateau	Canadian Video (Montreal)
30-1-59	BBC Interlude (River and Birds)	Radio-Canada
30-1-59	Capitaine Tempête (The Buccaneers)	Hudson Prod (Montreal)
30-1-59	Florian Zabach no 6 item 5	Transatlantic (Montreal)
30-1-59	Enfant du cirque (Elmer le faiseur de pluie)	Screen Gems (Toronto)
30-1-59	Vagabonds no 2 item 2	Transatlantic (Montreal)
30-1-59	Little Lulu: The dog show off (cartoon)	A&F Educational (Montreal)
30-1-59	Popeye the Sailor: Shoe in Horses	United Telefilm (Toronto)
30-1-59	Sérénade Espagnole	Ciné Monde (Montreal)
30-1-59	Popeye the Sailor: (Ancient History)	United Telefilm (Toronto)

List of Films Shown on Television Stations of Canadian Broadcasting Corporation—Conc.

Dates	Titles	Distributors
30-1-59	Gumby: The Little Lost Pony (cartoon)	Fremantle (Toronto)
31-1-59	Rue chinoise	Transatlantic (Montreal)
31-1-59	Scotland Yard: La malle tragique	Screen Gems (Toronto)
31-1-59	Amiral Canaris	International Films Dist. (Mtl.)
31-1-59	Gros plan: Maurice Escande	Tele International (Montreal)
31-1-59	Télédisque: Istambul	Screen Gems (Toronto)
31-1-59	Trailer: Amiral Canaris	International Films Dist. (Mtl.)
31-1-59	Ciné Feuilleton: Appel du Destin 9e	Télé International (Montreal)
31-1-59	Histoire à suivre: Gitane de Grenade 2e	Télé International (Montreal)
31-1-59	Carrefour: Int. O'Leary-Mauriac-Michel Debré	Paris Crew
31-1-59	BBC Interlude (Church & Mill)	Radio-Canada
31-1-59	Tour de la France de 2 enfants no 9	Télé International (Montreal)
31-1-59	Strauss no 6 (Emperor Waltz)	A&F Educational (Montreal)
31-1-59	Trois Mousquetaires: Poids de l'évidence	ABC Film Syndication (New York)
31-1-59	Visage d'Australie no 1 item 5	Australian High Commission
31-1-59	Popeye the Sailor: Adventure of Popeye	United Telefilm (Toronto)
31-1-59	Alpinisme	Faculté de l'Agriculture (P.Q.)
31-1-59	Little Lulu: Lulu Baby Sitter (cartoon)	A&F Educational (Montreal)
31-1-59	Gumby: Rain Spirits (cartoon)	Fremantle (Toronto)

APPENDIX

NOTE FROM CANADIAN CHARGÉ D'AFFAIRES, WASHINGTON, TO ACTING SECRETARY OF STATE

Canadian Embassy

No. 102

The Canadian chargé d'affaires a.i. presents his compliments to the acting secretary of state and has the honour to refer to the Canadian embassy's Note No. 624 of October 20, 1958, which set out the views of the Canadian government and the importance it attaches to unrestricted access for Canadian oil to United States markets.

It is understood that the government of the United States is giving consideration to replacing the present voluntary oil import program, which has been extended to February 28, 1959, with a system of mandatory restrictions. The Canadian chargé d'affaires wishes to draw to the attention of the acting secretary of state that the views of the Canadian government, as set out in the note referred to above, and as put before representatives of the United States in the meetings of the joint United States-Canadian committee on trade and economic affairs in Ottawa on January 5 and 6, have not changed.

The Canadian government continues to believe that there is no justification on grounds of security (or, for that matter, on the other grounds) for United States restrictions on oil imports from Canada. United States government restrictions on oil imports from Canada, imposed in peacetime for security reasons, are not reconcilable with the need of Canada and the United States to pool their oil resources in time of common emergency. Any system of import restrictions applied against Canadian oil must have an adverse effect on Canadian-United States relations; a system of mandatory controls on imports from Canada, related to security considerations, would be even more disturbing to Canada than would a system of voluntary controls of similar effect.

The Canadian chargé d'affaires would request that the views of the Canadian government set forth above be brought to the attention of those concerned with the current review of the United States oil import program.

A. E. Ritchie.

Washington, D.C.
February 19, 1959.

HOUSE OF COMMONS

Wednesday, March 4, 1959

The house met at 2.30 p.m.

BANKING AND COMMERCE

Second report of standing committee on banking and commerce—Mr. Cathers.

HOUSE OF COMMONS

PRESENTATION OF PORTRAIT OF RIGHT HON. LOUIS ST. LAURENT

Mr. Speaker: I have the honour to inform the house that a portrait of Right Hon. Louis St. Laurent, former prime minister of Canada, will be presented to the House of Commons immediately after 6 p.m., when today's sittings close. There will be a brief ceremony in the rotunda at the entrance to the chamber of the House of Commons, and I am happy to say that the original of the portrait will be present in person. I hope all hon. members will be able to attend.

STARRED QUESTIONS

ROYAL COMMISSION REPORT ON SEXUAL PSYCHOPATHS

Question No. 31—**Mr. Martin (Essex East):**

1. Has the government received the report of the royal commission, presided over by the chief justice of the high court in Ontario, on sexual psychopaths?
2. If so, on what date was the report received?
3. Why has this report not been tabled and made public?
4. Will the report now be tabled?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the answers to these questions, of which there are four, are as follows:

1. Yes.
2. March 21, 1958.
3. It will be tabled and made public as soon as it is received from the printers.
4. See answer to question 3 above.

A. V. ROE LIMITED—DEVELOPMENT CONTRACT

Question No. 32—**Mr. McIlraith:**

1. Did the government or any of its departments or agencies have a development contract with A. V. Roe Canada Limited for the completion of 37 Arrow aircraft?
2. Did any minister of the government hold any conversations with A. V. Roe Canada Limited or any of its officials on the future of this particular contract?
3. If so, were any assurances given by any member of the government through conversation or otherwise, that this particular contract would not be cancelled?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, the answers to the three questions are as follows:

1. Yes.
2. Yes.
3. No.

CHIGNECTO CANAL SURVEY

Question No. 35—**Mr. McWilliam:**

1. Has a survey been made on the feasibility of the construction of the Chignecto canal?
2. If so, has enough data been compiled to determine the feasibility of this project?
3. If not, when is it expected the data will be completed?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, perhaps I might deal with all three parts of this question in one answer. The hon. member is, I know, aware that over the years there have been many studies made of this proposal, the earliest one recorded being dated 1822. Because of this I rather think the inquiry arises from the statement I made in the house on August 28 last when the estimates of the Department of Transport were under consideration. At that time I said the Department of Public Works had been asked to give us a preliminary engineering estimate on the cost of the Chignecto project, on the basis of which it was proposed to have another economic study made, and that I would report the findings to my colleagues.

Arising out of the work that has been done to date, I have asked that certain other estimates be worked out, and it is consequently not possible to say at present when a complete report will be put before me.

JUDGES ON CONCILIATION BOARDS

Question No. 36—**Mr. Martin (Essex East):**

1. Is the government of Canada giving consideration to the withdrawal of judges from conciliation boards?
2. Are judges now precluded by government policy from acting as members of arbitration boards?

Hon. E. D. Fulton (Minister of Justice): The answer to part 1 of the question is that the government is considering whether there should be any change in the law governing the employment of judges in connection with matters outside their judicial duties.

The answer to part 2 is that there has, as yet, been no change in the law in so far as it is within the jurisdiction of parliament.

The law remains as set out in sections 37 to 39 inclusive of the Judges Act, Revised Statutes of Canada, 1952, chapter 159.

QUESTIONS PASSED AS ORDERS FOR RETURNS

A. V. ROE LIMITED—MEETINGS WITH GOVERNMENT

Question No. 34—**Mr. McIlraith:**

1. Were any meetings held by the government or any member of the government, with officials of A. V. Roe Canada Limited in connection with the Arrow aircraft, between September 24, 1958 and February 20, 1959? If so, how many?
2. In connection with such meetings, what member or members of the government attended in each case?
3. What official or officials of the company attended?
4. On what dates were they held and where?

TRAIN SPEEDS, OTTAWA—TRANSPORT BOARD ORDERS

Question No. 63—**Mr. Bell (Carleton):**

1. What orders have been issued by the board of transport commissioners governing the speed of trains within the limits of the city of Ottawa?
2. What is the date and number of each such order?
3. What is the operative nature of each such order and to what lines or areas does each apply?

CEDAR POLES, TERRACE, B.C.

Question No. 106—**Mr. Howard:**

1. From January 1, 1957 to date, were any cedar poles purchased for use at Terrace, British Columbia?
2. If so, for each individual purchase (a) to what use were they put; (b) what price was paid; (c) whom were they purchased from; (d) where were they shipped from?

DEFENCE RESEARCH BOARD—LAND ACQUISITION, SHIRLEY'S BAY

Question No. 115—**Mr. Bell (Carleton):**

1. What acreage was acquired by the government of Canada at Shirley's bay for the use of the defence research board?
2. From what persons were these lands acquired?
3. How many acres were acquired from each such person?
4. Was this acreage acquired by (a) expropriation; or (b) purchase?
5. In each case, what was the date of the expropriation or purchase?
6. What was the (a) total amount; (b) amount for land; (c) amount for buildings; (d) amount for interest; (e) amount for other reasons, paid to each such person?

STABILIZATION BOARD EGG PURCHASES

Question No. 178—**Mr. Argue:**

1. Are eggs being purchased by the agricultural stabilization board?
2. If so, what grades are being purchased and what price is paid for each grade?
3. Is there a minimum quantity lot that the board will purchase at any one time?
4. If so, what is the minimum quantity lot?
5. What are the names of all the firms from which the agricultural stabilization board has purchased eggs in Manitoba, Saskatchewan, Alberta, British Columbia, in the years 1957 and 1958, and what grade and quantities of eggs were purchased from each firm in each year?

[Mr. Fulton.]

EXTERNAL AFFAIRS

REFERENCE TO REPORTED STATEMENT BY U.K. PRIME MINISTER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question arising out of a report I have just received, concerning which therefore I have not been able to give him notice. If he prefers to take this question as notice and answer it at a subsequent time it will be, of course, quite understandable. My question is, has the Prime Minister any comment to make on the statement of the United Kingdom Prime Minister in the House of Commons in London today to the effect that he is calling on the west to study the possibility of a partial pull-back or disengagement from central Europe in the interests of the prevention of war?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, that matter has not been brought to my attention, and I shall take it as notice.

Mr. Speaker, I might refer as well to one other matter in connection with discussions which are taking place at the present time. As the house knows, the Soviet government delivered notes to the governments of the United States, the United Kingdom and France on March 2 relating to the possibility of negotiations taking place on problems relating to Germany. On the same date a note was addressed to the Canadian government by the Soviet union. This was in reply to the Canadian note of February 17, which was tabled on the same day by the Secretary of State for External Affairs.

The note addressed to Canada does not contain anything of significance that is not to be found in the notes addressed to the United Kingdom, the United States and France. Consultations among NATO governments and in the NATO council are now in progress, and naturally any matters such as the one referred to by the hon. gentleman would receive that consideration by the NATO council.

The house will, of course, be aware of the fact that the Prime Minister of the United Kingdom is planning to visit Washington later this month, I think around the 15th or 16th. The matter of having an invitation extended to Mr. Macmillan, which invitation has always been an open one in any event, has

been discussed informally with the United Kingdom high commissioner, and I have today sent Mr. Macmillan a message expressing the hope that following his visit to Washington he will come to Ottawa to consult here with the members of the government and, I might add, the hope that consideration might be given to his addressing both houses on that occasion.

OLD AGE SECURITY

INQUIRY AS TO REPORT BY DR. ROBERT CLARK

On the orders of the day:

Mr. John Drysdale (Burnaby-Richmond): I should like to direct a question to the Minister of National Health and Welfare. Can the minister advise the house when Dr. Clark's report on the old age security system of the United States will be available?

Hon. J. W. Monteith (Minister of National Health and Welfare): Tomorrow, Mr. Speaker.

Hon. Paul Martin (Essex East): May I ask the minister—I am afraid I could not hear for the noise—whether we may expect the report tomorrow or some time later? Would he mind repeating his answer?

Mr. Monteith (Perth): If the hon. member would care to read *Hansard* he will find that I said "tomorrow".

Mr. Martin (Essex East): I thank my hon. friend for his courtesy.

BRIDGES

PRINCE ALBERT—INQUIRY AS TO DIVISION OF COST

On the orders of the day:

Mr. Alexis Caron (Hull): I should like to ask the Minister of Public Works a question. Can he tell me whether the bridge at Prince Albert is to be paid for entirely by the federal government, or whether the provincial government is paying part of the cost?

Mr. Speaker: If the minister is able to answer without notice he may do so, but this is a question which should more properly be put on the order paper, as it asks for statistical information.

NATIONAL PARKS

CUMBERLAND COUNTY, N.S.—ESTABLISHMENT OF CAMP GROUND AND PICNIC AREA

On the orders of the day:

Mr. R. C. Coates (Cumberland): May I direct a question to the Minister of Northern Affairs and National Resources. Has the minister been in contact with the government of Nova Scotia with regard to the establishment of a camp ground and picnic area in the Oxford-Springhill area of Cumberland county? If so, would the minister care to comment?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I do not have my papers before me, but there were representations concerning this area some time ago. There has been correspondence between the department and the government of Nova Scotia. I spoke to the premier of the province about the matter last week end, and action is going forward along that line.

ROYAL CANADIAN MOUNTED POLICE

MONTREAL—REPORTED REQUEST FOR ASSISTANCE IN C.B.C. STRIKE

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the minister in charge of the R.C.M.P., the Minister of Justice. In the light of the reported request, found in this morning's Montreal *Gazette*, of Montreal police director Langlois for the assistance of the R.C.M.P. in connection with the C.B.C. producers strike, will the minister assure the house that the R.C.M.P. will not be used to molest peaceful picketers?

Some hon. Members: Oh, oh.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, that is one of those questions which, whether in order or not, does not deserve a reply.

TELEVISION

KENT COUNTY, N.B.—COVERAGE OF NEW FRENCH STATION

On the orders of the day:

Mr. H. J. Michaud (Kent, N.B.): I should like to direct a question to the Minister of National Revenue. In view of the recently signified intention of the C.B.C. to construct a 600-watt French television station at Moncton, New Brunswick, can the minister inform the house whether the transmitting power of such a station will provide adequate service to the Kent county area?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member was good enough to give me notice of his intention to ask this question a day or two ago, and I have just received the information from the C.B.C. since coming into the house. I am advised that most of Kent county in so far as area is concerned may expect to receive between B and C contour

coverage. I will let the hon. member interpret that. B and C coverage is fair to good—

Mr. Winch: Fair to rotten.

Mr. Nowlan: —but it is certainly not excellent. The northerly part of Kent county and the extreme westerly part are outside of the normal coverage area of the proposed station, and I am afraid will not even receive either B or C contour coverage.

TRADE

PROSPECTIVE U.S. PRICE CUTTING—INQUIRY AS TO CANADIAN REPRESENTATION

On the orders of the day:

Mr. Arnold Peters (Timiskaming): I should like to direct a question to the Minister of Trade and Commerce. In view of bills having been introduced in the United States congress calling for a program of price cutting on world markets in order to underbid Soviet competition, can the minister tell us whether any representations have been made to the United States as to the effect that such a program would have on Canadian sales abroad of such products as wheat, aluminum and oil?

Mr. Speaker: The hon. gentleman's question takes in a great deal of territory. I am not sure that I fully comprehended it myself, but it seems to me it is not one that could be answered simply. Both questions and answers should be dealt with briefly at this stage.

FINANCE

INQUIRY AS TO INCREASED GRANTS TO UNIVERSITIES

On the orders of the day:

Mr. M. W. Martin (Timmins): I should like to direct a question to the Minister of Finance which arises out of an article on page 1 of the Vancouver *Sun* of February 24, 1959. The question is this. In view of reports that the University of British Columbia finds it necessary to increase its fees by $100 per student next year, and in view of the prospect that other universities may find it necessary to do likewise, has the government considered the necessity of increasing its grants to universities in order to ensure that Canadian youth have every opportunity to obtain an education commensurate with their ability?

Hon. Donald M. Fleming (Minister of Finance): Without taking the time to comment on some of the questionable assertions contained in this question, I can only say that no consideration has been given to the subject.

[Mr. Nowlan.]

TRANSPORT

MONTREAL—PROTESTS AGAINST INCREASED COMMUTER FARES

On the orders of the day:

Mr. Guy Rouleau (Dollard): I should like to ask the Minister of Transport whether he has received any protests against the proposed increase in commuter rates in the Montreal district, as announced a few weeks ago? If so, does he propose to do something about this matter?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, a similar question was asked last week, I think it was, by the hon. member for Laurier, and at that time I told him this matter had been brought to my attention. I had discussed it with the chairman of the board of transport commissioners, and if protests were received by the board, judging by action that had been taken in cases of this kind in the past the likelihood was that the increase would be set aside pending a hearing. However, I could not answer for the board.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. I understood that the hon. member's question followed a question I had asked earlier, as to whether any municipalities had protested the increases in the tariffs?

Mr. Hees: I have not received any such protests myself.

MONTREAL—REPORTED CANCELLATION OF PASSES OF RAILWAY EMPLOYEE COMMUTERS

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I should like to direct another question to the Minister of Transport. Is the minister aware of the fact that the railways have cancelled passes formerly issued to railway employee commuters in the Montreal district? If so, does the minister propose to do something about this matter?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am not aware that such action has been taken.

NATIONAL DEFENCE

R.C.A.F.—REPORTED PURCHASE OF GRUMMAN FIGHTER PLANES

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to address a question to the Minister of Defence Production. Is it true, as reported today, that the government has bought Grumman Supertiger fighters for the R.C.A.F.?

Hon. Raymond O'Hurley (Minister of Defence Production): This is the first information I have received about it. It is not true.

UNEMPLOYMENT INSURANCE

REQUEST FOR LEGISLATION COVERING DISCHARGED MEMBERS OF ARMED FORCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to ask the Minister of Labour a somewhat belated supplementary question. Yesterday I asked him a question concerning unemployment insurance for discharged members of the armed forces. In his reply he indicated that he was seeking information on this question. In view of the importance of the matter to the unemployed former members of the armed forces, has he any further information to give the house?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker. I was awaiting a report of what had transpired previously in connection with this matter so far as the Department of National Defence and the unemployment insurance commission were concerned. The report is that some three years ago the unemployment insurance commission had a prolonged discussion with the Department of National Defence about the possibility of bringing the members of the armed forces under the unemployment insurance scheme so that contributions would be paid on their behalf in the same way as for employees in industry, but the Department of National Defence finally decided against this course.

INDIAN AFFAIRS

CAUGHNAWAGA RESERVE—STATEMENT AS TO WATER SUPPLY

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, yesterday the hon. member for Bonavista-Twillingate inquired of me with respect to the water supply at Caughnawaga. I can now assure him that there is a good and sufficient water supply available there. The facilities have been installed for all those who are near the seaway operation.

As I reported to the house last August, almost a quarter of a million dollars has been expended on this project, a large part of which came from the seaway authority and the rest from the vote for Indian affairs. All the connections have not been made, largely because of the severe winter we have had. When the spring opens up we expect that the rest of the connections will be made without any undue delay.

Hon. J. W. Pickersgill (Bonavista-Twillingate): If I may, I should like to ask the hon. lady a supplementary question. Does she know whether the council of the band and the prospective consumers of the water are satisfied with the arrangement?

Mrs. Fairclough: So far as I know, yes; they are satisfied in that area. Of course, as the hon. member knows, the rest of the village has not participated in this scheme, mostly because of their own wishes in the matter.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO INCREASE MAXIMUM EXPENDITURES TO THREE HUNDRED AND FIFTY MILLION DOLLARS

Hon. Howard C. Green (Minister of Public Works) moved the second reading of Bill No. C-29, to amend the Trans-Canada Highway Act.

Some hon. Members: Carried.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Argue: Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Argue: —are we not going to hear from the minister on the second reading of this extremely important measure? If we are not to hear from him, then I am prepared to proceed with my remarks.

Mr. Green: As Your Honour well knows, I was prepared to proceed but I had a great deal of help from behind me suggesting that I allow the motion to be carried without making a speech.

The fact is that the bill is a simple one because it merely substitutes the figure of $350 million for that of $250 million. Of course there is the matter of $100 million involved in this amendment, but at the resolution stage I made a statement explaining the measure and I should not like to trespass on the time of the house by repeating the remarks I made at that time. When the bill goes to committee I shall try to answer the various questions that were raised.

Perhaps hon. members will be interested in the total cost involved in so far as the federal government is concerned. It is estimated that by the time the highway has been completed there will have been spent by the federal government, in conjunction with the nine provinces, the following amounts: Prince Edward Island, $6,500,000; Nova Scotia, $19,500,000; New Brunswick, $38 million; Ontario, $97 million; Manitoba, $20 million; Saskatchewan, $15,500,000; Alberta,

$22,500,000; British Columbia, $97 million and Newfoundland, $20 million. These are estimates and include, of course, the expenditures to the completion of the highway.

In addition to this cost it is estimated that the federal government will have paid for constructing the highway through the national parks approximately $61 million. Thus the road will cost Canada, aside from provincial contributions, roughly $400 million. In so far as the highway through the parks is concerned, there had been expended to March 31 of last year, $31,186,269. The additional estimated expenditures would bring the total cost of the road through the national parks to $61 million.

Mr. Bourget: Would the minister permit a question? Has he got the average cost of construction per mile in each of the provinces?

Mr. Green: I do not have those figures with me. Maybe the officials can produce them and I will have them before me when the bill is in committee.

The distribution of the cost of the highway in the national parks as among the provinces is as follows: Terra Nova park in Newfoundland, $9,200,000; Banff national park in Alberta, $19,900,000; Yoho national park in British Columbia, $13,900,000; Glacier park, also in British Columbia, $14,500,000 and Revelstoke national park in British Columbia, $3,500,000. The figures of the money actually spent in those three provinces of Newfoundland, Alberta and British Columbia should be increased by the amount that is to be expended on the national parks program in those provinces.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, this bill is made necessary because of the need for additional money in order to proceed with the completion of the trans-Canada highway program in the nine provinces to which the program applies. This project, I suggest, is an example of the kind of leadership which can be provided by the federal government with regard to an important national development. Though from time to time the federal government may embark on projects which do not immediately receive the full or unanimous support of the provinces of this country, nevertheless I think in the light of its experience the government will agree that in almost every instance in which the federal government has endeavoured to enact, with the co-operation of the provinces, legislation designed to improve the lot of Canadians the provinces generally have been most co-operative.

Nine provinces are engaged in this project. Some have made more progress toward the completion of the highway than others. There is one province, the province of Quebec, which has not seen fit to take advantage of this measure. Premier Duplessis in his own good judgment has decided that this project should not apply to the province of Quebec.

I would think that the people of Quebec are in as great need of good highways, and deserve them as much, as people in any other part of this country, and I believe from my study of this problem that the premier of Quebec has fallen into great error by refusing to co-operate with the federal government in this field. It is an error which I suppose does not impose any real hardship or suffering or inconvenience upon the premier of the province, but I am certain in my mind that it withholds from the people of Quebec a very important service and a very important right, namely the presence in their province of a part of the trans-Canada highway built to the standard which has been set for this highway and, what is equally important, the advantage of having money contributed from the national treasury for this purpose. I would suggest that the premier of Quebec has allowed his ancient quarrel with the federal government to deprive the people of that province of a very important service, a project which is national in character and which will serve the people of this country well.

I think the present government has made an error in the opposite direction. Progress has been made toward the completion of this project in many of the provinces. The western provinces are making great progress. Saskatchewan has completed its project; Manitoba and Alberta have announced that their highway is almost completed.

I asked earlier, when we were discussing the resolution, what if any consideration the government had given to the expansion of this very important undertaking. I suggest that within the scope of the trans-Canada highway there is room for expansion. There is room for the second trans-Canada highway project that we have heard so much about. I submit to the government that it is time this very important undertaking should be extended into a national highways program to meet needs of Canadians generally, and that the government should undertake such a program in co-operation with the provinces.

As a good Canadian citizen, I do not believe that in this field we should be 40 years behind the United States. There is no reason why we in Canada, when we have the manpower and the resources available, should be satisfied with one project, important though it is. We should go ahead at this moment, this year, to provide an extension of this legislation to meet the highway needs of the people of this country.

There is another very important reason why, I submit, now is the time for such a development. We have heard about the government's winter work program. We were told the other day that as far as on-site work is concerned, employment is now being provided for more than 30,000 Canadians. What will happen to the 30,000 people who are employed on the winter work program when their employment ceases? Are these people to be added to the unemployment rolls during the summer months? In the early years of the trans-Canada highway project, when we asked for an extension we were told by the government of the day that our resources were fully employed, that we had no more manpower available for such an expansion and that, desirable though it might be, our resources should not be used in that direction.

That argument cannot be used today. We have a tremendous surplus of idle manpower, men anxious to be engaged in useful work. We have the material resources that are required for a great advance in this project, and I would suggest that now is the time for this government to show leadership in the provision of adequate highways and in the provision of a program that will help deal with the vexed question of unemployment.

I asked this question earlier and I repeat it now. Has the minister within his department, or has the Department of Labour or any other department of the government, undertaken a survey to see how an expanded highway program could be used to help reduce the large number of unemployed in Canada at this time? I believe that the government is very concerned about the unemployment problem, and indeed any government that accepts its responsibilities in this day and age must be concerned with problems of this magnitude. I would suggest that one of the obvious things the government could do would be to undertake a survey of the great public works projects that might be instituted to put people to work.

I ask the minister whether there has been any survey as to what effect an expanded highway program for either a second trans-Canada highway or highways of this standard or any other standard running north and south would produce. Has there been any encouragement given to the provinces and municipalities by the federal government to undertake this kind of road development? I suggest that this kind of leadership is required at the present time more than at any other time in recent years because of the financial difficulties that are being faced by the provinces and municipalities.

It is no secret that provincial finances are more difficult now than they have been in the last several years. The same is true of municipal finances. The difficulty of raising municipal and provincial budgets for their important works programs is becoming more and more acute. Are the minister and the government prepared to allow these difficulties to grow? Are they prepared to have it become increasingly difficult for provinces and municipalities to meet the problem of providing adequate road facilities for the public? These remarks could also be extended to include urban areas. The provision of roads through the great cities of our country taxes the financial resources of those cities.

We urge the minister to have a comprehensive study made of this question to see how a program of this kind could be utilized in 1959 to help solve the question of unemployment. There are provinces that are ready to embark on such a program. The province of Saskatchewan has been urging the government to co-operate in just such a project. As I pointed out on a previous occasion, the estimated labour content in building the trans-Canada highway in that province was 27 per cent. I suggest that is a high labour content. This is the kind of project which if extended would provide substantial employment in Canada at this time.

I express the hope that the minister will tell the house what study the government has given to this problem and what study it has made concerning how such a project could fit in with a program designed to put people to work, and what the government intend to do by way of action in the days ahead.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to say a few words about the trans-Canada highway as it affects my area. As the minister is well aware, it has not been possible to build No. 17 highway because the costs of construction in that area are high. Consequently highway No. 11 has been used as an alternative route.

My request is perhaps in keeping with what was mentioned by the hon. member for Assiniboia when he referred to a second route. The area served by the highway now designated as No. 11 will not be served when highway No. 17 is completed, because it will pass through another part of the country. When he was in opposition the Minister of Public Works often pointed out that provinces should not have to bear the brunt of the cost of maintenance of the trans-Canada highway but that they should be assisted in the maintenance of the highway by the federal government, and that in some areas the highway should be maintained solely by the senior government.

At the present time highway 11 carries the full weight of trans-Canada highway traffic. There has been an increase in traffic due to the rerouting of heavy transports from the northern United States into northern Ontario. Consequently the road is much more expensive to maintain and the costs are greater than they would have been if trans-Canada highway traffic were using highway 17.

I urge the minister to give serious consideration to assisting the province in the maintenance of highway 11, the present trans-Canada highway link, and that he also give consideration to making highway 11 an alternative route to highway 17 as a second part of the trans-Canada highway.

(Translation):

Mr. J. N. Tremblay (Roberval): Mr. Speaker, I would not have joined in this debate on the trans-Canada highway but for the remarks made a moment ago by the hon. member for Assiniboia (Mr. Argue). He stressed the fact that the province of Quebec is not sharing in the trans-Canada highway project.

It is not my responsibility, Mr. Speaker, to judge the matter on its merits. However, I feels its significance is such that it should not be turned into a political football. It is significant enough because it involves a principle of no mean value, a legal principle rooted in history, namely the principle of provincial autonomy.

Mr. Speaker, I shall not go into the details of the matter, but I would point out to all those who seek to discredit the government of the province of Quebec with regard to that particular matter of the trans-Canada highway,—and they should be examining the problem in the light of the principles which lie at the base of this juridical fact of provincial autonomy—that it is not merely a question of highways. It is a question of determining under what conditions the trans-Canada highway is to be built. The province of Quebec has on several occasions expressed her opinion on the subject through the provincial authorities, and more particularly last week, when the provincial minister of highways said what he had in mind, stating that provincial autonomy is involved in the building of that highway and that the government of the province of Quebec cannot, at this time, accept to take any part in this project because, he said, the conditions set by the Ottawa government are not in accordance with the sovereign policy of the province.

To my mind, this is the only standpoint from which the problem must be faced.

I think, moreover, that the provincial government of Quebec has, until now, made some considerable effort to provide the people of the province of Quebec with an adequate network of roads, so that no one need accuse it of all sorts of partisan and small-minded intentions with regard to the matter.

A few moments ago, in this debate, I heard a C.C.F. member say,—as I understood it,—that the province of Quebec does not need to improve its highway network and that Quebec people are perfectly satisfied with what they now have, as their government is refusing federal aid in this respect. Well, Mr. Speaker, I think that we must in all fairness commend the provincial authorities of Quebec for having given our province an adequate road network. Considering the magnitude of this network and the considerable mileage involved, we have in the province of Quebec perfectly good roads—in fact excellent roads—that earn praises from tourists who visit the province. The project is, I think, not yet completed, as improvement work is continually being carried on and because this year's provincial budget for highways amounts to some $134 million. This shows, Mr. Speaker, how much importance the provincial government attaches to the highway problem.

In the past, some political opponents have taken the Quebec provincial government to task for spending too much money on highways. Yet, last week I heard them say in this house that Quebec's highway network is altogether inadequate, and that the roads are quite outdated.

Well, Mr. Speaker, I believe it would be proper to consider the problem, to approach it in the only way it should be approached, from the angle of provincial political sovereignty. In this connection, Mr. Speaker, may I suggest that the government consider the problem from the angle of provincial autonomy and consider the possibility of entering into arrangements which would not impose such conditions as are now being refused by the Quebec provincial government.

In closing, I again emphasize this aspect of the problem: this is not a matter of partisan politics, but one of basic principle and a vital one, since it was historically confirmed in 1867.

Mr. Lucien Cardin (Richelieu-Vercheres): Would the hon. member allow me a question?

Mr. Tremblay: Yes.

Mr. Cardin: Does the hon. member mean to say that he intends to vote against this bill?

Mr. Tremblay: Mr. Speaker, I do not believe this is a difficult question to answer. We have to deal with facts. The trans-Canada highway system, as submitted to the provinces, was not accepted by the province of Quebec for the reasons I outlined a moment ago. However, and precisely in view of that national unity which is being preached to us, we do not want to embarrass provinces which, for reasons which are not mine to take up here, have agreed to the present trans-Canada highway system.

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I had not expected to take part in this debate on the trans-Canada highway, but the sound remarks just made by the hon. member for Roberval (Mr. Tremblay) impose upon me, I think, the duty of saying a few words on the matter.

I do not of course deny the right, neither to the province of Quebec—

(Text):

Mr. Speaker: I take it the hon. member wishes to pursue the line which was followed by the hon. member for Roberval, and which was initiated by the hon. member for Assiniboia. I cannot very well stop him since it has gone so far, but let me say that the principle of this bill, an act to amend the Trans-Canada Highway Act, is to increase the amount available for trans-Canada highway construction. It does not alter the principles which was decided when the initial bill was passed. At that time the question of constitutional problems and other matters were presumably before the house, and when the policy was adopted that there should be federal contributions to the trans-Canada highway those questions were settled.

Strictly speaking, those questions are not open again on the second reading of this bill which in principle raises the question whether it is desirable to spend more money along the lines of the previous decision of the house or whether it is not desirable to spend more money. It does not reopen all the issues which were originally decided on that occasion. I will hear the hon. member, but I think the issue that we are off on is really not strictly relevant to the principle of this bill.

Mr. Roberge: Mr. Speaker, on the point of order you have just raised I should like to say this. By the principle of this bill we are asked to increase the amount of money available to the provinces with regard to the trans-Canada highway. The hon. member for Assiniboia has said that the province of Quebec is not participating in that increase. The hon. member for Roberval expressed his view as to why the province of Quebec is not participating, and I think I am in order in trying to answer the hon. member for Roberval in saying why the province of Quebec should participate.

Mr. Speaker: I am not objecting to the hon. member spending a reasonable time in dealing with the issue which has been discussed and which I have allowed to be discussed, but since I consider the discussion to be out of order I hope his remarks will not be too extended.

Mr. Roberge: Well, Mr. Speaker, I will not be long. To cut the matter short I would say this. If the hon. member for Roberval would look at section 92 of the British North America Act, paragraph 10, he would see that it is within the jurisdiction of the legislature of a province to act or to pass legislation on:

> Local works and undertakings other than such as are of the following classes:
>
> (a) Lines of steam or other ships, railways, canals, telegraphs, and other works and undertakings connecting the province with any other or others of the provinces, or extending beyond the limits of the province.

(Translation):

Mr. Speaker, in my opinion, the Canadian parliament has a perfect right to legislate in matters pertaining to the trans-Canada highway, since the highway is designed to link the province of Quebec or the other provinces to one another, and it is within the ambit of federal jurisdiction to legislate in this matter.

I do not intend, at this stage, to criticize the decision of the province of Quebec as to whether it should share or not in the project; this will be a matter for the electors in the province of Quebec to decide in due course.

(Text):

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I had not intended to say anything on second reading but since the hon. member for Roberval (Mr. Tremblay) has raised this issue I think I might reiterate the position I took at the resolution stage. I am aware of the rule regarding repetition, sir, and I will be very brief. I do not think that any of the four Atlantic provinces would feel that their autonomy was being interfered with in any way if the minister and the government would yield to the plea I made at an earlier stage and pay 90 per cent of the cost of completing the trans-Canada highway in those four provinces.

Mr. Green: Why did your government not do that?

Mr. Pickersgill: The minister has asked me a question and I am sure he wants to hear my answer. The minister is very adept at prolonging his own legislation in the house. I have never seen his equal in that regard and I will be delighted to answer him and at some length. The trans-Canada highway, which, of course, was in no one's program until it was started by the St. Laurent government in 1949, was a very big project and when it was found after a number of years that the project was not proceeding quite as rapidly as had been hoped originally the government of which I was a member, a government which I might say, sir, had some regard for public treasury and the taxpayers, something which seems to be lacking in the present government, did undertake to pay 90 per cent of the cost of 10 per cent of the road in order to get it completed more quickly. As the minister pointed out, those of the provinces that still had some to complete, and I think they all had at that time, were not slow to choose the most expensive 10 per cent for the federal government to pay 90 per cent of the cost of.

In line with the progressive attitude which has always been taken by the Liberal party, when we came to review our policy to see what further could be done for the advantage particularly of the four Atlantic provinces, where there was really no scope for building railways,—at a time when we were seeing railways built in practically every other province, we took the view at our recent national convention that in order to provide a kind of equalization of transportation facilities in the four Atlantic provinces it would be appropriate for the government to pay 90 per cent of the cost for completing the road.

Mr. MacLean (Winnipeg North Centre): What year was that?

Mr. Pickersgill: That being the policy of our party, I am appealing to the minister and to the government to make it the policy of the government of Canada and the policy of this parliament, thus making it unanimous.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—*Aggregate limited to $350 million.*

Mr. Herridge: Mr. Chairman, I have a question to ask. When the minister was speaking at the resolution stage he made what I thought was a very interesting statement, particularly in view of the interest of a good many people in southeastern British Columbia in the building of that section of the trans-Canada highway that goes through Rogers pass. I believe the minister made some reference to meeting the problem caused by avalanche conditions by the use of artillery fire. This is the first time I have heard of this technique in road maintenance and I wonder whether the minister can give the house any information in that respect. Is General Young responsible for that proposal?

Mr. Green: Apparently there is quite an interesting story about that. The department engaged Swiss experts who have had great experience in providing protection against snow slides. This was done through the national research council. A new difficulty developed in that bears ate the powder which would have been set off by electricity. Then the officials had to turn to a system of using mortar fire. Avalanches are a great problem in Switzerland and I believe have been dealt with there with considerable success. We are very hopeful that the highway through Rogers pass can be kept open all winter and that there will be no hazard.

The hon. member knows the views that I expressed about this some years ago, but the decision was made that the route should be through Rogers pass and made, incidentally, by the provincial government. So we are doing the best we can with the pass. This section will probably be the most spectacular part of the whole route when it is finished. Apparently there are many glaciers. Of course, it is extremely mountainous country and I believe that a trip through Rogers pass will be very much worth while. I hope I can take one myself this fall.

Mr. Herridge: I thank the minister for his very interesting explanation. I might say that if the officials of the national research council had simply consulted a few old prospectors in the area they would have told them that you cannot leave powder within a mile of a bear. I want to ask this question. Are snow sheds to be built on certain sections of the highway in Rogers pass?

Mr. Green: About 3,000 feet of snow sheds are planned now and it may be necessary to build more.

Mr. Argue: Is the minister able to comment on the question I asked him earlier with respect to whether any survey has been made as to how an expanded highway or road program might meet the requirement of the nation at this time for increased employment? Has any survey been made as to what the effect of a second trans-Canada highway would be in this respect? Has any survey been

made of the possibility of building highways running north and south to connect with highways in the United States? I think the comments of the minister as to any study that has been made in this regard would be most helpful to the committee.

Mr. Green: The officials of the department have of course, been studying the best type of highway policy to follow the completion of the trans-Canada highway program. I am not yet at liberty to disclose what policy would be followed at that time. All of these points which the hon. member, and other members of the house have raised in the course of this debate, will be very carefully considered in this connection.

I take it that what the hon. member for Assiniboia really has in mind is the question of a highway policy which would be of a national nature. He raises the need for providing employment which, of course, is another problem. Highway construction does not provide employment to anything like the extent that the money spent on housing does. A great many more jobs are given by encouraging the building of homes than by highway construction because much of highway construction is done by expensive machinery. I think the Department of Public Works estimates that the labour content in highway construction is only from 25 per cent to 30 per cent.

Mr. Argue: I thank the minister for his reply. I would think that the labour content is very substantial. While on a dollar basis it might not result in the same proportionate gain in employment as the expenditure on the current winter works program from the federal standpoint, but in connection with winter works one must always bear in mind that the federal government's money is contributed toward sharing the labour cost of the program itself and does not in any way contribute to the very substantial additional cost.

I thank the minister for the information as to the study that is being made. This act, as I understand it, will terminate December 31, 1960. I do not know if the minister expects that at that time the whole project can be wound up in a satisfactory manner or whether parliament, some time prior to that date, will have to give consideration to the continuance of the present program so that any parts that are not completed at that time may be completed at a later date. I express the hope, of course, that the program will be completed within the present target date and, further, that all provinces will find it possible, in keeping with their constitutional responsibility as I submit this is, to participate in the trans-Canada highway program.

The minister has said that the question of employment, so far as a project of this nature is concerned, is another problem. I think it is, in the context of over half a million Canadians being unemployed, a very important and very essential part of a highway program. I think, in keeping with the government's responsibility in considering any extended highway program or any national policy, it is necessary to take into account the labour content of such a program. I am quite certain in my own mind that in any consideration of such a policy and in the formulation of such a policy the labour content will very definitely be considered. The minister has put before the committee the position of the government at this time, but I would urge once again that the government re-assess its policy, that the government have a look at its policy and see whether or not there cannot be an expansion of the government's road program to provide now, and not a number of years from now, a highway policy which I take it from the minister he thinks this country should have.

Apparently, it is a matter of time. The province of Saskatchewan is not only prepared but is anxious to co-operate with this government, as it did with the last government, in building further roads of this standard within Saskatchewan. There is no doubt in my mind but that the province of Manitoba, the province of Alberta—yes, I would think almost every province in Canada—would be most agreeable to considering the expansion of this highway program. Here we have one outstanding case of a province that has co-operated to the full, a province that has completed its section, and a provincial government that is so anxious to co-operate with the minister and so friendly with him on a personal basis. I can tell him, not only from reading the correspondence but from private conversations, that they were greatly disappointed that the minister could not attend in person at the time of the official opening of the trans-Canada highway across that province. I am as much a partisan in this house as any other member, and I make no apologies for that at all. I think that is part and parcel of parliamentary debate. However, that does not in any way detract from the belief of the members of the C.C.F., and the C.C.F. government of Saskatchewan, that it is their responsibility to co-operate with whatever federal government may be in power at any given time to undertake beneficial projects that will be of assistance to the citizens of Saskatchewan who are also citizens of this nation.

I know, as I have said to the minister already, not only from statements in writing

but from private conversations that the government of Saskatchewan is most anxious to proceed with any further development of a highway policy. The minister, in weighing the timing of the announcement of a new highway policy, in considering how broad such a policy should be, could weigh on the side of action the co-operation of the C.C.F. party of this country and the C.C.F. government of Saskatchewan. I express the hope that the government may be able to bring in such a highway policy. I am quite certain that, although some people from some parts of Canada may consider such a policy to be of a controversial nature, it will so commend itself to this house as to obtain a unanimous vote.

Mr. Green: I neglected to mention one other aspect of the problem of providing employment through highway work. It is not very good in the winter. It is all right in the summer, but in most of Canada, in fact all of Canada except the west coast, it is very difficult to do highway work in the winter. This is another important factor. We are able to carry on the brushing out of the right of way and the assembling of materials; activities of that kind have been pushed to the greatest possible extent, particularly in the Northwest Territories where employment has been furnished by plans of this type.

Then the hon. member should not forget that in addition to the trans-Canada highway program we have initiated a roads to resources program designed to give better access to northern Canada and, in the maritime provinces, to give access to resources. There is to be a total of $75 million spent by the federal government under that program, and there has been a great deal done under this plan. The province of Saskatchewan has done quite a bit of work under this program. We appreciate the fact that Saskatchewan got the trans-Canada highway completed before any other province. They deserve great credit for having done that, although the mileage is not as great as in some of the other provinces and the construction is a great deal cheaper.

The hon. member for Winnipeg North Centre asked at the resolution stage for the cost of the by-pass around the city of Winnipeg. That figure is approximately $10 million.

Mr. Benidickson: Is that part of the 90-10 program? I refer to the Winnipeg by-pass?

Mr. Green: Yes.

Mr. Benidickson: Just on that point with respect to St. Boniface and Winnipeg, am I right in thinking that streets in St. Boniface and Winnipeg were originally designated as the trans-Canada highway route and that this is a change of thought to by-pass these cities? Am I also right in thinking that when you make a contribution to the by-pass you deduct anything you may have contributed previously on the formerly designated route?

Mr. Green: Yes; that is correct.

Mr. Nixon: As the minister well knows, an extremely important scenic part of this trans-Canada highway is along the north shore of lake Superior, north of Sault Ste. Marie. I wonder whether the minister could say how much of that part of the highway is being built on that 90-10 per cent agreement? I also wonder whether he would be good enough to give the provincial government a bit of prodding and urge them to rush this road along to completion as soon as possible so that there will be an outlet for those people living in the isolated area of Michipicoten and in that particular part of the country.

Mr. Green: Approximately 135 miles in this gap area is on the 90-10 basis. The provincial government of Ontario has been making good progress with the construction in closing this gap and it is expected that they will have the highway completed by the end of next year.

Mr. Nixon: That 90-10 per cent agreement was started under the previous government?

Mr. Green: Yes.

Mr. Herridge: I just want to mention another matter to the minister. It has reference particularly to the mountainous section of the trans-Canada highway, and more particularly to those sections which go through Rogers pass where the road is built on precipitous slopes. I have met a good number of tourists going through the mountains—people from the prairies, eastern Canada and the United States—who enjoy travelling a great deal indeed. But these people are not accustomed to travelling on these mountain highways, even when they are the standard width, and they are extremely nervous when travelling along those portions of the highway that are built on precipitous slopes or where the highway takes a curve around a bluff of something of that sort. As the minister knows, persons who are accustomed to travelling in the mountains are not so concerned about that sort of thing. But I have met people who were frozen, who actually stopped on the road and would not move until somebody moved their car for them. This is only a detail of construction but I think it is an important one in connection with securing the fullest possible utilization and enjoyment of the highway. I refer to the provision of satisfactory cable guards or other safeguards

at points where they are necessary. Can the minister inform the house as to the standard of cable guards and guards of other types that are being used on this highway?

Mr. Green: Through the Rogers pass there will be what is called a metal guard rail system. The hon. member will be pleased to know that this highway route through the pass is going to be 44 feet wide, there being a 24-foot pavement and a ten-foot shoulder on either side. It is not going to have the remotest resemblance to the highways over which he and I have gone so frequently in that part of the country.

Mr. Herridge: I am glad to hear that.

Mr. Pearson: I should like to ask the minister a question with regard to the northern Ontario part of the highway. As the minister knows, back in 1955, I think it was, or 1956, the route of highway No. 17 was along the north shore to Iron Bridge; north of Iron Bridge to Chapleau; from Chapleau to lake Superior and on. That route was later changed to the great delight of the hon. member for Algoma West so that the route went through the Soo and along the shore. But at the time the change was made a beginning had been made on the road from Iron Bridge north to Chapleau which was understood to be part of the trans-Canada highway. The residents of Chapleau were understandably exercised by this alteration in the route. At the time it was stated by the Department of Public Works in a press release of December 29, 1956 that when changing the route the Ontario government undertook to build a good standard road to Chapleau and to complete it by about the completion date of the trans-Canada highway; and then to begin and complete a highway of trans-Canada highway standard from Chapleau to Wawa in order to connect with the other branch of the trans-Canada highway. I should like to ask the minister whether he can tell me what progress is being made in carrying out that undertaking so that both roads will be completed?

Mr. Green: Apparently the provincial government is now working on the road from Iron Bridge to Chapleau although it is not to be of the same standard as the trans-Canada highway. Then they are also planning to build a road from Chapleau to the trans-Canada highway under the roads to resources program. There was never any undertaking that this road would be of the same standard as the trans-Canada highway.

Mr. Pearson: Perhaps that is true, Mr. Chairman. I realize that this is not the minister's responsibility; it is the responsibility of the Ontario government. It was embodied in a press release by the department that they would undertake that responsibility and have the two roads completed at approximately the same time.

Mr. Pickersgill: Did I understand the minister to say that this road which the Ontario government undertook to build on its own is now being partly paid for by the federal government under the roads to resources program?

Mr. Green: Apparently this is brand new construction on the part of the road from Chapleau to the trans-Canada highway.

Mr. Pickersgill: Yes. But I understood my hon. friend, the Leader of the Opposition, to say that according to this press release in 1956 the Ontario government had undertaken to build this road itself. It now appears that the present government is going to pay part of the cost of that road as well.

Mr. Green: Apparently this is permissible under the original arrangement which was made.

Mr. Howard: I want to put a question or two to the minister. A comment made by him just a few moments ago points up again what I think is a ridiculous arrangement in that there are two separate departments of the federal government dealing with financial participation in our road building program. The minister made reference to the so-called roads to resources program which, so far as administration is concerned, properly comes under the Department of Northern Affairs and National Resources. However, I think we could make a comment on it here for two reasons, first, because the engineering work is done under the trans-Canada highway section of the Department of Public Works and, secondly, because the minister himself has referred to it. I am certainly not defending the Liberal party in this respect, but the minister was quite incorrect when he said that the present government initiated the roads to resources program. That is not a factual statement, because he knows that when the Liberal government was in office it arranged to enter into a 50-50 cost-sharing arrangement with regard to building the Stewart-Cassiar road on the basis of which our present so-called roads to resources program originated.

While we are on this subject I will suggest that if it is the desire on the part of this government to continue paying 90 per cent of 10 per cent of the mileage of the trans-Canada highway constructed in each province, in addition to paying 50 per cent of the cost, then it would clearly be sound for it to make some arrangement of this kind at least with respect to the Stewart-Cassiar road

and other roads which run from north to south. I realize that it may not be within the sphere of the Minister of Public Works to engage in financial arrangements respecting the roads to resources program. In that case I am making my suggestion to the wrong minister. However, if this should be beyond his responsibility, I hope he will put pressure on his friend from Qu'Appelle, Saskatchewan, the Minister of Northern Affairs and National Resources, and induce him to go at least as far as the Department of Public Works is agreeable to going, that is, to paying toward the cost of the Stewart-Cassiar highway and other north-south highways on the same scale as is applicable to the trans-Canada highway.

My colleagues raised some questions on the resolution stage with regard to the possible expansion of our present highway building program. In particular, the hon. member for Assiniboia dealt again with this matter this afternoon. I merely wish to point out how important it is that this government should evolve a complete highway program as soon as possible; not some time within the next year or two, not some time after the end of 1960, when the minister expects that all his work will be completed except for the portion through Newfoundland; not some time, even, right on the eve of the next general election, whenever that may take place, but right now in order that the program may be made known to the provinces in time for them to make their plans and in order that those who live in the middle northern portion of western Canada, in particular, may realize their hope that the federal government will make some financial contribution toward the cost of road building in this area.

I should like to take this opportunity to refer once again to the need for expanding this program immediately so that it will include what we generally classify as a second trans-Canada highway, a road which, geographically located, would run through Prince Rupert, Prince George, Edmonton and northern Sakatchewan into Manitoba. I hope the government will immediately make some announcement that it intends to arrange to play its part financially in co-operation with the provinces in building such a highway as this.

The minister probably noticed in the Vancouver *Province* on Friday last an announcement by his friend and fellow British Columbian, Premier Bennett—I notice the minister smiles and nods when I refer to Premier Bennett as being his friend—

Mr. Green: That was not why I was nodding and smiling.

[Mr. Howard.]

Mr. Howard: I quite appreciate that, inasmuch as the premier was one of those who deserted the Conservative party some years ago.

An hon. Member: He is sorry now.

Mr. Howard: The unfortunate thing is that not having my earphone hooked up I cannot hear any of the delightful interjections that are being made from time to time. If they are all friendly, a great change has taken place over there.

The Deputy Chairman: Order.

Mr. Howard: Premier Bennett announced on Friday last that the province of British Columbia was embarking on a one billion dollar highway building program over the next ten years. Some of that money is going to come from cheques written by the Minister of Public Works, because those cheques are included in this billion dollar program on which we are supposed to be embarking out there. In these circumstances it would be only fitting that the minister should announce immediately, not two years from now, that he is desirous of contributing financially to this billion dollar highway program. We all know, of course, that Premier Bennett's announcement that a billion dollars will be spent on highway construction over the next ten years is more verbal than factual, and that the premier does not really mean it. We heard when I was in the provincial legislature three or four years ago that we were going to embark on a billion dollar highway program. All the premier is doing is advancing the date, so that he will be able to keep on making this announcement over the next 20 years.

However, it is clear, I think that we are embarking on highway expenditure on an enlarged scale, and if the minister would give us some indication that he wants us to have some decent highways free of mudholes and pot holes and all the other defects we encounter, in northern British Columbia in particular, we should be very grateful to him. We do not want him to say that we shall have the best highways in the world; a good standard of public highways is all we are asking. I think the minister should not allow this opportunity to go by without saying something like this: yes, indeed, though we have not worked out details with regard to financing, this Conservative government intends to participate financially in the extension of road building plans in the province. That is all we are asking. If the minister would make such an announcement he would, I remind him, get some of the glory from Premier Bennett's announcement that one billion dollars is to be spent on highways in British Columbia in the course of the next

ten years. I hope the minister will be able to go beyond merely saying that suggestions are being made and plans being worked out. I hope he will be able to give us some clear hope that he intends to participate financially in the cost of provincial road building, especially in the area in which I live and in comparable areas of the western provinces.

I, for one, have been putting off buying another car for some time because I know it is hardly worth while buying a new car considering the bad state of the roads up there. However, if the minister would give us some hope along the lines I have suggested, I might buy a new car. The government would, in turn, derive some revenue from the excise tax, employment would be created and thus, in a minor way we would be spending our way into prosperity.

Mr. Martin (Essex East): Buy the car you have in mind in Windsor.

Mr. Argue: Or Oshawa.

Mr. Howard: I have been putting off buying a car for another reason; I have been expecting the excise tax to go down. Here is how we can spend our way to prosperity to a limited degree. If the minister will just tell us he is willing to write out the cheques I will buy the car.

An hon. Member: Buy him the car; it would be cheaper.

Mr. Green: Mr. Chairman, I am really surprised that the hon. member for Skeena has been taken in so completely by the statements made by Premier Bennett in the legislature the other day and furthermore that he should come on to the floor of this house and advocate Mr. Bennett's cause. I remind him that this is a very dangerous thing to do and I hope he will not get into trouble himself.

I have had a little experience with the British Columbia government and more particularly with the present minister of highways who came to see me when I was in Vancouver last September. He had with him a long list of highways costing several hundred millions of dollars. He was just bursting with the idea that if we would only pay half the cost, all of these roads could be built and everyone in the province would have employment. I asked him if he had left out any roads at all in compiling the list and he said, "No, I think I got them all in." However, for the winter he wanted us to share in about $30 million worth of highway construction which was purely the responsibility of the province. I told him I would have to take it into consideration and that gentleman walked right over to the Vancouver hotel, sent for the press and gave them a complete statement to the effect that only the dominion government was preventing all the highways being built and everyone in the province having employment.

Subsequently I found out that there was about the same amount of work valued at approximately $30 million that could be done on the trans-Canada highway in British Columbia for which we were legally responsible to share in the cost and the excuse that had been given for not proceeding with the work was that the province had no money to go ahead with it. That project, of course, would have provided just as many jobs as $30 million spent on roads that were purely the responsibility of the province. I simply warn the hon. member for Skeena to beware of just how far he goes in sponsoring these policies put forward by the provincial government of British Columbia. I can assure him that we will treat British Columbia fairly but we cannot give one province any better treatment than is given to the others because this is not a British Columbia highway policy that is being administered by the government of Canada, rather it is a national highway policy.

May I also point out that under the trans-Canada highway provisions there will have been spent in British Columbia on the trans-Canada highway—mind you this includes the national parks—a total of about $128,900,000, far more than is spent in any other province.

Mr. Howard: Mr. Chairman, if I may comment on the minister's answer I would say I am quite sure he did not misunderstand what I said in my earlier remarks but rather he chose not to deal with what I said. The minister is well aware that I have an interest in British Columbia by virtue of living there and I mentioned the province a number of times during the course of my remarks. I also mentioned Alberta, Saskatchewan and Manitoba because those are areas with which I am familiar. I was, however, talking about an extension of the highway building program to include financial participation in building roads in all of the provinces. Within the prairie provinces there is growing interest in the prospect of the development of a second trans-Canada highway and my friend the hon. member for Northumberland-Miramichi mentioned the interest that exists in the maritimes in what he classified as a trans-Canada highway. Although I mentioned British Columbia specifically a number of times it was not my intention to convey the impression that I was asking the federal government to participate with British Columbia and not every other province. I am sure the minister knew that was not the approach I was taking.

The minister has still failed to announce what the policy will be. Is the government

going to participate financially with the provinces in building additional highways or is it not? The question is simply that.

Mr. Nixon: Mr. Chairman, I wonder if the minister could say what is the length of the gap still to be completed along the north shore of lake Superior north of Agawa?

Mr. Green: The total mileage of what is known as the gap is 164 miles. This is now all under contract. Some of it has been paved, some of it has been graded and some of it has not yet reached that stage.

Mr. Nixon: You cannot say just how much is left that is actually to be built?

Mr. Green: Not at the moment.

Mr. Benidickson: Mr. Chairman, I just wanted to follow up the question raised by the hon. member for Algoma West and his earlier question with respect to the so-called gap north of lake Superior in Ontario. As I recall it, when the minister was introducing the resolution before presenting the bill he indicated the general terms under which 10 per cent of the mileage in any one province would receive a 90 per cent contribution from the federal government. He indicated with a smile that naturally the provinces advanced the most expensive section to claim that 90 per cent contribution which is quite natural. In the case of Ontario is there an option or has it already been decided that the 90 per cent must apply to the gap? If that is so, is that true of any other province or has every other province the right to select its own mileage when it claims the 90 per cent?

Mr. Green: The policy required that the gaps must be completed first and then if there was any mileage over and above the gaps which would be entitled to the 90 per cent contribution, of course the provinces had the right to choose.

Mr. Benidickson: The gap was about 180-odd miles and the minister a few moments ago indicated that the 90 per cent would probably apply to about 135 miles. Is that situation the same in any other province? Did the federal government and the provinces decide ahead of time what particular sections would receive the 90 per cent contribution irrespective of the fact that some road construction in other locations might actually be more expensive per mile than, say, the cost of constructing the gap in northern Ontario?

Mr. Green: Yes, Mr. Chairman, we strongly suspect that the most expensive portions were the ones upon which agreement was reached.

[Mr. Howard.]

Mr. Herridge: Mr. Chairman, I have three other questions with respect to the Rogers pass section. Could the minister tell the committee the maximum degree of curvature that is permitted at Rogers pass, the maximum percentage of gradient and the depth and type of asphalt being used on that section?

Mr. Green: Six per cent curvature, six per cent grade and three-inch mat on a six-inch bituminous base; variable depths of granular base, depending on whether the road is being built on rock or soil or whatever the nature of the earth is. I can assure the hon. member that it is going to be a first-class highway.

Mr. Howard: It is quite obvious.

Mr. Argue: A few moments ago in discussing the possibility of an over-all comprehensive highway program and the extension of highway construction on a co-operative basis this year, the minister said it was difficult to build highways in the winter time and that therefore this would be a summer project. In the references I made to highway construction I had in mind that the employment situation would be as important in the summer time as it is now. I do not think the minister was implying that when spring arrives the whole question of unemployment will be solved automatically. The need for employment will still be a major factor during the summer.

I can remember a few years ago when everyone said you could not have construction work going on in the winter; that is, construction work of any kind. New methods have made it possible to engage in a great deal of construction during the winter and I do not think it will be impossible in the days ahead to have highways constructed in the winter time. I think the construction of highways will be something that at least in part can be undertaken during the winter.

The minister made some reference to the other program of road construction with which the government is associated, namely the roads to resources program. In speaking on this question on February 24, as reported at page 1345 of *Hansard*, the minister said:

> We have undertaken a roads to resources program which could involve a total of $150 million, divided into $15 million for each of the provinces.

This, of course, is in another department, namely the Department of Northern Affairs and National Resources, but I would suggest that in evolving this road program the Minister of Public Works and his department because of their experience in this road program would likely be able to develop a more efficient program than has been developed in

this other department. I say that the program in the other department is one which was arrived at very quickly. I am all for the quick arrival at programs but it is rather an amazing thing that that program should be based on $15 million for each province. I can tell the minister that when I was in Prince Edward Island last fall the people of the island were very pleased with the roads to resources program. They said that it was a wonderful thing for the island. Well, I said, "Now, would you explain to me the resources that these roads are leading to?" They said, "Every resource that we have, including the beaches in the province." They said, "The roads to resources program in the island are roads to our summer resorts and to our cottages." That appealed to me as being a part of the vision of the Prime Minister so to extend the roads to resources program that one could build roads to beaches and to summer cottages which are used by Canadians and by our good friends to the south. The people of Prince Edward Island were very pleased with the roads to resources program in that province.

I would suggest to the Minister of Public Works that the same kind of program, the same proportionate program, on the basis of equality, should be provided to all of the provinces in this country so that we can have full co-operation in this roads to resources program. I express the hope to the Minister of Public Works that in the evolving of any policy for an extended and improved highway program such a program should be based on principles that apply equally in all provinces in relation to the needs of those provinces and should be one that has attached to it and implicit in it an over-all policy and not one that on the basis of the statement of the Minister of Public Works provides the one opportunity for many roads to all the resources in parts of Canada and, of course, is a program that goes but a very short distance toward a comprehensive roads to resources program in other provinces.

Mr. Bourget: Is the minister now in a position to give us the average cost per mile in each of the provinces?

Mr. Green: My officials advise me that it is quite impossible to get that figure because quite a lot of the road is not finished yet. We can get that for a province where the construction is completed but in the others we cannot.

Mr. Bourget: I understood the minister to say a few minutes ago how much the cost of the road would be; therefore, I thought that some calculation could be arrived at. Even if it is not done today probably the minister could give me the figures later.

Mr. Green: I will be glad to see what we can do.

Mr. Carter: I should like to ask the minister a question about this 10 per cent. When a province selects 10 per cent, of which the federal government will bear 90 per cent of the cost, does that 10 per cent have to be all in one piece, or can it be made up of a number of pieces? Also, are bridges included in the cost of that road?

Mr. Green: It is possible for the gap to be split; it does not have to be a continuous road and it does include bridges. This is one of the reasons why it is very expensive. Incidentally, there is a five-mile minimum. In other words, the distance covered has to be at least five miles.

Mr. Carter: But that five mile stretch includes the cost of a bridge or bridges? They would be included as well?

Mr. Green: Yes, up to a width of 44 feet, which is the width of the road across Canada.

Clause agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall the bill be read a third time, by leave now?

Some hon. Members: Agreed.

Mr. Green moved the third reading of the bill.

The Acting Speaker (Mr. Rea): Is it the pleasure of the house to adopt the motion?

Mr. Maurice Bourget (Levis): Mr. Speaker, I do not want to delay the passing of the bill but so that we shall get a clear expression of opinion from all members regarding the constitutional aspect of this legislation I would ask that a recorded vote be taken.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, as the one who raised the matter in the first place which generated discussion on this point, I feel that a vote at this time would serve a very useful purpose. As the minister conducting this legislation through the house well knows from experience and votes he has called in the past, a unanimous vote by the house is very often an important procedure. I would hope that at this time all members of the house from all provinces would show that this is a project in keeping with national unity and national development. I would hope and expect that a vote would show leaders in all provinces that this project commends itself to members of parliament and to the Canadian nation. I express the hope that all members will support this very important legislation and demonstrate once

and for all that members of parliament are in full support of a program that means a great deal to national development.

The Acting Speaker (Mr. Rea): Is the house ready for the question? The Minister of Public Works.

Mr. Pickersgill: I raise a point of order, Mr. Speaker. I do not think the minister has the right to speak a second time on third reading, and in moving the motion the minister has spoken.

Mr. Winch: Let him speak.

Mr. Pickersgill: I am willing to agree by leave, sir.

Mr. Winch: We want to show every province that the minister has the support of all members.

The Acting Speaker (Mr. Rea): Is the house ready for the question? Does the minister wish to make a statement?

Mr. Pickersgill: By unanimous consent.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I am grateful to all hon. members for allowing me to say a few words. I think there is no doubt that the bill has the unanimous support of everyone in the house. In fact, expressions to that effect have been made, and I think it would be of doubtful value to the promotion of unity in Canada if a vote on this measure should be interpreted as something having to do with national unity. It would be against the rules for me to say anything whatever which might lead to the imputing of motives in the calling of a vote at this stage. I do not do that.

I merely say that in the province of Quebec there is a first-class highway. The Canadian public is not inconvenienced in any way because Quebec has not seen fit to participate in any way in this program. That province has its rights under the British North America Act and if the men who happen to form the government of the province see fit to follow a policy then I doubt very much the wisdom of attempts being made in the house to blow up a storm in the province of Quebec either on this measure or on any other.

Mr. Argue: There is no intention to do that.

Mr. Green: We live in a nation which has the finest partnership of races of any nation in the world and in my opinion that partnership is becoming stronger every year. I have seen it grow during the 23 years I have been a member of parliament. This is a very fortunate thing and it would be a great tragedy if an attempt were made to interpret a unanimous vote on the trans-Canada highway measure as something that could be used to stir up feelings between the two great races of Canada. For my own part I am very doubtful about the statesmanship involved in a vote being called at this time. I thank the house for allowing me to make this short statement.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I had not intended to speak but in view of what the leader of the house has said I want to say two or three words. A vote taken in this house directly concerns the members of the house and nobody outside the house. If, as the minister says and as I believe, this is a good measure for all Canada and if the minister's supporters think it is a good measure for all Canada there should be no embarrassment to them in having this vote. There is certainly no embarrassment to anybody in our party in supporting the extension of a measure we started and we are very happy to vote for it. We intend to exercise our right to have a recorded vote on the subject. We cannot see how having a vote on it can conceivably injure any national interest whatsoever.

The house divided on the motion (Mr. Green) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss	Charlton
Allmark	Chevrier
Anderson	Chown
Argue	Churchill
Badanai	Clancy
Balcer	Coates
Baldwin	Cooper
Barrington	Courtemanche
Baskin	Creaghan
Batten	Crestohl
Bell (Carleton)	Crouse
Bell (Saint John-Albert)	Danforth
Benidickson	Denis
Best	Deschatelets
Boivin	Diefenbaker
Boulanger	Dinsdale
Bourbonnais	Drouin
Bourdages	Drysdale
Bourget	Dubois
Bourque	Dumas
Brassard (Chicoutimi)	Eudes
Brassard (Lapointe)	Fairclough, Mrs.
Brooks	Fairfield
Browne (St. John's West)	Fane
Browne (Vancouver-Kingsway)	Fleming (Okanagan-Revelstoke)
Bruchesi	Forbes
Brunsden	Fraser
Cadieu	Frechette
Campbell (Lambton-Kent)	Fulton
Campbell (Stormont)	Garland
Cardin	Gillet
Caron	Godin
Carter	Gour
Casselman, Mrs.	Grafftey
Cathers	Granger
	Green

Gundlock
Habel
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Harkness
Hees
Hellyer
Henderson
Herridge
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Houck
Howard
Howe
Jones
Jorgenson
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Leduc
Lennard
Letourneau
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIlraith
McIntosh
McLennan
McMillan
McPhillips
McQuillan
McWilliam
Mandziuk
Martin (Timmins)
Martini
Matthews
Meunier
Michaud
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nesbitt
Nielsen
Nixon
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Payne
Pearkes
Pearson
Peters
Phillips
Pickersgill
Pugh
Racine
Rapp
Ratelle
Rea
Regier
Regnier
Richard (Kamouraska)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Robinson
Rogers
Rouleau
Rowe
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stinson
Tassé
Taylor
Thompson
Tucker
Walker
Webster
Weichel
Winch
Woolliams
Wratten—202.

NAYS

Messrs:

Nil

Bill read the third time and passed.

Veterans Rehabilitation Act

VETERANS REHABILITATION ACT

AMENDMENTS REPEALING AND REPLACING ALLOWANCE PROVISIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved the second reading of Bill C-31, to amend the Veterans Rehabilitation Act.

He said: Mr. Speaker, this is a short bill, and it does not contain much either in the way of new or highly controversial material. May I say that I intend to move that this bill be referred to the standing committee on veterans affairs.

The Acting Speaker (Mr. Rea): I wonder whether hon. members leaving the chamber would do so quietly in order that we might be able to hear the minister.

Mr. Brooks: Hon. members will recall that the Prime Minister (Mr. Diefenbaker) spoke of the intention to have this measure referred to the standing committee on veterans affairs. However, before I so move, I think I should make a few comments.

The Veterans Rehabilitation Act has been the means of providing important rehabilitation aids to veterans of world war II and of the action in Korea. The principal benefits under the act have been of an educational nature and veterans have received vocational, technical, pre-matriculation and both undergraduate and post-graduate university training under the provisions of this act.

This training has proved of inestimable value to many veterans of whom more than 100,000 completed their courses. As the members of this committee know, the largest part of this training was given during the immediate post-war years. There are still, however, nearly sixty world war II veterans taking training, of whom over 40 are in university. There are about 25 veterans of the special force who served in Korea still pursuing their studies, of whom all except two or three are in university. There may possibly be a few who for reasons of illness may yet have courses made available to them.

Of the number now taking training some 20 are pensioners. The authority for the training of pensioners is contained both in section 15 of this act and in the pensioners training regulations authorized under the Department of Veterans Affairs Act. It is considered desirable from an administrative point of view that the authority for the training or retraining of pensioners should flow from one source. This bill accordingly proposes the repeal of section 15 of the act in order that the pensioners training regulations may in future be the sole authority for such training.

The act also authorizes the payment of allowances for the purpose of assisting veterans during the progress of their training. It also provides for the payment of allowances while veterans are awaiting returns from a business venture. This now applies only to those who are participating in the benefits offered under the Veterans' Land Act. There were also allowances given to certain veterans who years ago were out of work or temporarily incapacitated.

The bill proposes an amendment which, in a limited number of cases, would allow a refund to those veterans who had less than nine months university training and later made certain repayments in order to qualify under the Veterans' Land Act. Qualification under the latter act required the repayment of educational allowances and costs paid by the department. In some cases a veteran decided not to proceed with a contract under the Veterans' Land Act, or terminated his contract shortly after it was entered upon and received little benefit. This amendment will provide the refund to the veteran of the amount by which his repayment exceeds any benefits under the Veterans' Land Act. There is no new policy involved in this amendment. In the past the amount required for these refunds has been obtained by means of a special vote in the estimates. It is better that it be a statutory item as now proposed.

There are a number of administrative amendments proposed by the bill. Many of these are desirable because of provisions of the act which have now become obsolete as the conditions they were designed to meet no longer apply. I do not think it necessary to describe these amendments as there are no matters of policy involved.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, the amendment which the minister has just introduced reminds us all very sharply of the swift passage of time. The legislation which this bill proposes to amend was enacted in December, 1945, on the unanimous recommendation of a sixty-member special committee on veterans affairs. It is to the great credit of the federal government that action was taken so early after the war to make provision for the re-establishment of Canadian veterans. As early as 1941, prior to the enactment of the present legislation which is now being amended, veterans rehabilitation benefits were set forth in a post-discharge re-establishment order in 1941, and in 1944 this was revised by order in council No. P.C.5210. The act now being amended sets forth in legislative form the benefits contained in that order in council. Briefly, those benefits included payments to veterans of allowances graduated in proportion to family needs under certain conditions.

Two of those allowances related, as the minister has pointed out, to unemployed veterans, to those who were unemployed because they were temporarily incapacitated, and to those who were able and willing to work but who were unable to find suitable jobs. The other provisions of the act had to do, as the minister has stated, with assisting veterans to establish themselves on farms and to provide them with vocational training and higher education and university training.

We welcome the amendment in this bill which will permit reimbursement to those veterans who expended some of their own money, or agreed to forgo some of their credits with the intention of becoming established on farms but who later were unable to take advantage of legislation designed for this purpose.

Today we are amending this legislation largely because the passage of time has made it no longer possible to apply the terms of this measure any further because there are no veterans who are now able to take advantage of the provisions or to whom the sections of the legislation being repealed can apply. Canada has, therefore, implemented the principles of this legislation as far as humanly possible. In some respects this concludes a chapter in the history of veterans rehabilitation which, I think, will remain among the shining chapters of Canadian history.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to speak on behalf of the group which has a larger percentage of members who have served in the armed forces of Canada than any other party in this house. Sixty-two point five per cent of the C.C.F. group in the House of Commons has seen service in the armed forces of Canada. I thought perhaps that members of other parties would be interested in this figure.

An hon. Member: What happened to the other .5 per cent?

Mr. Herridge: What happened to your larger percentage?

The value of the original legislation with respect to veterans rehabilitation has been proved by experience in the return of veterans to civil life. I remember that when the legislation was discussed in the early days some doubts were raised in certain quarters that some who served for several years overseas and had been subjected to military life with all its vicissitudes and hazards would not respond very well to educational benefits or possibly for some time would not be capable of taking the fullest advantage of the educational benefits provided under this act. I believe that the experience in the

administration of this act proved that the fears expressed in certain quarters were totally unjustified.

This measure is one of the most forward-looking measures introduced in the House of Commons with respect to the rehabilitation of many of those who served this country. The experience with the legislation has laid a foundation that may be extended even into civilian aspects of life particularly with respect to federal assistance to education in terms of grants to universities and schools of higher learning.

I had the honour and privilege of serving with the hon. gentleman who is now Minister of Veterans Affairs (Mr. Brooks) on the committee that considered this legislation. The minister has explained to the house the new amendments that are being introduced to meet changing conditions and circumstances. As the hon. member who preceded me said this bill is an illustration of what happens with the erosion of time. I am glad that the minister suggested the bill be referred to the standing committee on veterans affairs. I am sure the committee will give it its usual close attention.

Motion agreed to, bill read the second time and referred to the standing committee on veterans affairs.

WAR SERVICE GRANTS ACT

AMENDMENTS RESPECTING DEFINITIONS, RE-ESTABLISHMENT CREDITS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved the second reading of Bill C-32, to amend the War Service Grants Act.

He said: Mr. Speaker, Bill C-32 is very much the same as the bill we have just had before the house. It is one of those bills referred to by previous speakers as having been par of the veterans' charter. It has served an excellent purpose for many years as far as veterans are concerned. It is my intention to recommend that this bill also be referred to the standing committee on veterans affairs but before doing so I thought it appropriate to give a brief explanation of the intentions embodied in the bill and the effect of the amendments proposed.

The War Service Grants Act has been an important rehabilitation measure which has provided for the payment to veterans of world war II and of the action in Korea a war service gratuity based on length of service and payable in cash. It also introduced a new philosophy into veterans legislation which provided for the payment of a re-establishment credit devised to assist the economic rehabilitation of our veterans.

The ways in which this credit may be used are set forth in section 12 of the act where it will be seen that credit is available for assistance in the securing and equipping of a home or business, for veterans insurance or as a factor leading to qualification under the Veterans' Land Act.

Over the years I have observed the importance of this credit in assisting materially in a practical way those veterans whose economic resources were limited. The payment of gratuity has been virtually completed but there are still a large number of veterans, well over 100,000, who have for various reasons such as family circumstances not applied for all their credits. There still remains some $18 million unpaid.

It has become evident that it would be unwise to limit too severely the time within which veterans may apply for the use of this remaining credit as we wish to make sure it will be used in the best possible way. For most world war II veterans there are only a few months left in which to use this credit. The bill therefore proposes that the time limit be extended for all world war II veterans to September 30, 1962, and veterans of the action in Korea would have until 15 years after the termination of their special force service in which to use the credit to which they are entitled.

This opportunity has been taken to propose other amendments. A number of these are of practical importance and some are of an administrative nature. The bill proposes, for example, to extend the use of re-establishment credit to permit the repair or modernization of a dwelling in which a single veteran resides with his dependent parent or parents. The department has observed that there are a number of single veterans who are not intending to marry and who have been living since the war in the family home which in many cases is owned by one or both of his parents. We have found that aside from their equity in the home the parents are dependent on the veteran for support. It is only right that such a veteran should be able to use his credit for the improvement of this dwelling. At present this is not permitted under the act. This amendment will therefore be of material assistance to these veterans.

There are a number of circumstances where re-establishment credit has not been used nor is it likely that it will ever be used under the present provisions of the act because of the mental illness of the veterans where recovery is unlikely before the end of the period during which credit is available. It is most desirable that the credit of such veterans should not be allowed to disappear because of these tragic circumstances. An amendment is accordingly proposed to make the unused credit of such a veteran available to his wife or dependent children.

Hon. members are aware of the relationship between re-establishment credit and the benefits under the Veterans' Land Act and that these are alternate benefits which provide in different ways for the rehabilitation of veterans. Thus, a veteran who has used his re-establishment credit for the purposes set forth in the act is not able thereupon, in addition, to qualify for benefits under the Veterans' Land Act. It was not thought, however, that the use of re-establishment credit, perhaps prematurely, for other purposes should permanently deprive a veteran of eligibility under the Veterans' Land Act nor would it be equitable to allow him to enjoy both of these substantial benefits. The amendment therefore provides that on repayment of the used re-establishment credit he may then, if otherwise acceptable, qualify under the Veterans' Land Act. There have been instances arise where, following such repayment, the veteran changed his mind or did not proceed with the Veterans' Land Act, or he did proceed but the contract was soon terminated. He may thus have received no benefit or one smaller than his repayment. In the past, the excess of repayment over the benefit has been refunded to the veteran by means of a special vote in the estimates. An amendment now proposed would make this refund statutory.

At present the act provides that a veteran must qualify for benefits under the Veterans' Land Act by January 1, 1960. As the time within which re-establishment credit may be used is being extended by this bill it is evident that there should be a similar extension for the period within which a veteran may qualify for Veterans' Land Act benefits. Consequently it is proposed to extend this period also to September 30, 1962 for world war II veterans and for veterans of the action in Korea to 15 years after the termination of their service in the special force.

The remaining amendments are of an administrative nature. I think they are not of sufficient importance to require an explanation at this time.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, we on this side certainly welcome these amendments to the veterans rehabilitation act particularly those which will extend the time limit in which veterans can take advantage of their rehabilitation credits and of the benefits of the Veterans' Land Act. I am sure every hon. member was surprised, as I was, to hear that there were still $18 million in re-establishment credits available to veterans who had not yet applied for them.

[Mr. Brooks.]

As the minister pointed out, the original act, which was enacted in August, 1944, introduced a new philosophy of veterans re-establishment and rehabilitation and certainly was a great step forward in thinking as compared with what was done for veterans of the first world war. My colleagues who served in that war will remember that on discharge we were given, I think, a month's pay and allowances which was a sort of severance pay, plus a clothing allowance, and that was that. This new legislation went much farther in that it provided three separate cash payments to veterans. One payment was the war services gratuity, which was based on pay and allowances; the second was the rehabilitation grant, which was related to the period of service; and the third was the re-establishment credit.

Like other pieces of legislation, as the minister pointed out, this, too, was a part of the veterans' charter and was the result of the deliberations of a committee of the whole house which was anxious that no stone be left unturned to see that everything possible was done for our war veterans. In particular, it showed a sincere concern for the veteran himself, for his welfare and for the welfare of his family and dependants and a sincere desire to offset or minimize any financial loss of earning power that the veteran may have suffered because of his war service and to do everything possible to restore that earning power at least to the point he would have enjoyed had he not enlisted in the armed services.

As the minister pointed out, I am sure that this is the main amendment to this legislation. I refer to the extension of the time limit. The others have to do with extending the use of restablishment credits and with changes in administration. But I am sure we all hope that, as we are coming to the conclusion of the application and the extension of those benefits, there will never be again any future occasion for parliament to enact this kind of legislation.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise on behalf of this group to express our wholehearted support for the proposal in this bill to amend the War Service Grants Act, but before proceeding with the few comments I wish to make I want to apologize sincerely for my off the cuff reply to an unseen member's voice on the government side respecting the percentage of this group who served in the armed forces of Canada. I did not in any way intend to offer any slight to hon. members who had not the opportunity to serve in the armed forces of Canada.

As the hon. member who has just taken his seat said, and as the minister mentioned, this legislation represents an important change in the outlook for rehabilitation legislation on behalf of veterans. We have established a completely new philosophy in that respect and I was very pleased to serve on the committee which dealt with this legislation during the war. I was surprised to hear that there was $18 million still unpaid in war services grants. Although it appears to be a large sum, it is indicative of the very large amount which has been paid out for war service grants over the years.

Mr. Brooks: About $500 million.

Mr. Herridge: I am pleased to hear that figure, Mr. Speaker, because it is some indication that parliament and the people of Canada have been willing to recognize in a substantial way in this legislation the services of the men who fought for freedom who, in my opinion, were the real freedom fighters. When I think of freedom fighters, I think of the men who fought on behalf of this country and in defence of freedom when freedom was being threatened by the nazi and fascist forces.

I am pleased to notice that the amendment provides for an extension of the time to the end of 1962 for world war II veterans and for Korean war veterans. I am very taken with the amendment which makes it possible for the veteran to use his credit to improve, repair or modernize his home. I am sure this is the result of the experience of the officials in administering the legislation of the country, and is another indication of the type of administration that veterans legislation has had in Canada throughout the years. There are no officials of any other department of government who are in closer touch with the human beings for whom they are administering legislation than the officials of the Department of Veterans Affairs. Another thing which I am pleased with, and I am sure hon. members generally are also, is that amendment which provides for the credit to be used to the advantage of dependants and also the proposed amendment providing for an extension of the time to qualify for loans under the Veterans' Land Act. This is also another amendment which springs from the experience with the act and with the changing circumstances in the last year or two.

I am very pleased to know that the changes which to many members would appear to be inconsequential will provide advantages to those who would be denied them unless the amendment were passed. It will be a further recognition of the continuous consideration by members of all parties in this house of the welfare of those who served this country in war.

(Translation):

Mr. Louis Fortin (Montmagny-L'Islet): Mr. Speaker, I just want to make a few remarks with regard to this bill because, as I previously stated in the house, I am the only representative of the immediate Quebec area who has seen military service. Moreover, I live in a district of Quebec which is generally referred to as the veterans' centre, and I would like to stress that all benefits which the government has granted to veterans in the past, in the matter of housing or in other respects, have induced in those people a noteworthy spirit of responsibility and enterprise.

Back home, in my constituency, I am surrounded by some 400 veterans, and I might say to the government that everything that can be done to help those who, when called upon, came forward and accepted the sacrifice that was requested of them, will be highly appreciated. I am, I think, speaking for all veterans in my district, and more particularly for those in the immediate vicinity of my home, when I express our satisfaction with the bill now being considered by the house.

(Text):

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to say a word or two on the bill. I realize it will go before the veterans affairs committee when I will probably have another opportunity to advance the point I want to draw to the attention of the minister. It is a few years since the minister and I were associated quite closely in the work of the veterans affairs committee. Shortly after the war it was a very busy committee and I remember the very close attention that the minister always gave to the meetings of that committee. I happened to be a member at that time and was a member until last session. I am a bit out of touch with some of the intricacies of the veterans legislation.

However, I think the minister will recognize that in the early postwar years, in fact, up until the time I ceased to be a member of the committee, we had great difficulty in trying to be fair and equalize some of the war gratuity benefits among the various classes of people who made sacrifices for the war effort. I think the minister will recognize at once that I am thinking of a class of people who still feel that they have not had adequate consideration either from the present or former governments. I refer to the corps of Canadian overseas fire fighters. I think the minister will recall that in the early days we both voted to

try to see that these people got a little better consideration than seemed likely to be provided for them.

I personally, so I am told, and it has been said publicly, was helpful in obtaining certain income tax concessions which were of some benefit. But there are still some difficulties about which they continue to write us. I think the nub of the problem is contained in a letter I received in November last from the corps of Canadian overseas fire fighters. They sum it up in this way:

> We got the first part of the gratuity for time spent overseas, $15 per month. We did not get the supplementary gratuity which amounts to a week's pay and allowances for every six months overseas.

They indicate that the majority of the corps served overseas for a period somewhat in excess of two years and eight months. I do not have the date of the reference I now wish to make but I think it is reasonably reliable for the purpose of our present discussion. This question was asked in the house a few years ago:

> What was the total number of men sent from Canada to the United Kingdom in the Canadian fire fighters corps?

The answer was "408". An answer was also given as to the average overseas sojourn and it agrees with the statement in the letter to which I have just referred.

Mr. Brooks: I do not want to interrupt the hon. member but if he will look at section 5 of the Fire Fighters War Service Benefits Act he will see that there was entitlement to the rehabilitation grant of one week's pay for half a year. That was over and above the gratuity which they received in the same way as other veterans.

Mr. Benidickson: Is my hon. friend saying that what they claim is a discrimination has been corrected?

Mr. Brooks: It is in the act and has been for quite a number of years. Perhaps I might read the section for the hon. member. It reads as follows:

> Every fire fighter who performed service for a period of not less than 183 days, exclusive of time in cells, detention prison—

That provision is the same as in the case of a soldier.

> —in a state of desertion, and complete days of absence without leave is, upon discharge, entitled to a rehabilitation grant as defined in paragraph (f) of section 2 of the Veterans Rehabilitation Act—

That is the act we have under consideration.

> —of the same amount and subject to the same conditions as he would have received had he been a member of the naval, military or air forces of Canada.

This gentleman must have been mistaken in the letter he wrote.

[Mr. Benidickson.]

Mr. Benidickson: As I say, it is a fairly recent letter and he made that definite distinction with respect to their entitlement. It is one of the few discriminations he complained about and he indicated that he thought that on an average there was an amount of $150 involved that was not available to those who had served in this corps as opposed to the treatment given to almost every other class of serving man or woman.

Motion agreed to, bill read the second time and referred to the standing committee on veterans affairs.

SUPPLY

The house in committee of supply, Mr. Rea in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

52. Administration of the Immigration Act, $1,199,386.

Mr. Winch: Mr. Chairman, I welcome this opportunity to say a few words on the immigration section of these estimates. I am certain the minister will understand that in some of the things I will say I am seeking answers to certain questions and an expression of opinion from the minister as to what she may have in mind with regard to changes in policies now that she has had the opportunity to spend quite a few months with the responsibilities which are hers.

First of all, Mr. Chairman, I should like to commend this point to the attention of the minister and ask what consideration has been given by her in particular and the department in general to the immigration policy of the department with respect to those who are rejected and not given any opportunity of knowing the reasons why they are rejected. I know that during the six years I have had the honour of being a member of this House of Commons I have listened to replies from three previous ministers. In my opinion, these replies were not at all satisfactory. I hope that a new approach is being considered by the present minister.

The reason I say those replies were completely unsatisfactory is because of my own knowledge that although it took a great many months to get final answers I did find that when a member of parliament took up the case of those who had made application for landing permits and were rejected, if he was persistent in following the case up it was eventually found that the information lodged with the overseas department of immigration was untrue. In one case the applicant had been turned down for 18 months because of something that was completely untrue. I am

reminded of one case in particular—and this did not occur while the present minister occupied her position—where an entire family came to Canada and one member was rejected. It took 18 months to find out why and then it was ascertained that a complaint had been lodged by a rejected suitor who maintained that this chap was a criminal. If the man could have known of the charge laid against him and who laid it, or at least the nature of the charge against him, the matter could have been settled very quickly. This is just one illustration.

I know that there are many arguments for and against this practice. It is not a right to come to Canada, it is a privilege. I should like to hear from the minister what her attitude is now compared with what her attitude was when she sat in opposition concerning the right to a hearing and the right of an applicant to know of any charges or implications against him. So far as I am concerned, because I feel very proud of what we call British justice, this is a matter of importance. I sincerely hope that she finds herself in a position, on this occasion when her estimates are before the committee, to be able to give us her views on this matter and also any changes that she may have in mind with relation to past policy.

There are one or two questions that I should like to ask and I only do so because I feel that now, after her months in office, the minister must have given some consideration to the Immigration Act itself and the regulations which are made under the authority of the act. I should like to ask the minister whether there are any indications of alterations in the act. I should like to mention only one or two points. May I ask the minister whether or not consideration has been given to the interpretation under the Immigration Act of the term "moral turpitude". The Immigration Act, section 5, paragraph (d) says:

> —persons who have been convicted of or admit having committed any crime involving moral turpitude—

These people are not eligible for admission. In looking at that in the first instance, I would say I completely agree. But, what is the interpretation of moral turpitude? I ask that because of a case which is now before the courts and to which I cannot refer because it is sub judice. However, from my own investigation I have ascertained certain things. A businessman who has a business in the United States and in Canada has been refused admittance under that section to carry on his business in Canada. The reason given was that he was found guilty in the United States seven or eight years ago on a charge of impaired driving, so he is ineligible to enter Canada under that moral turpitude section. I do not know, but it just does not sound right to me. I do not know what the legal interpretation of the wording of that section is under the present administration.

May I, Mr. Chairman, go beyond that and speak about something about which I know the minister has always been sincere, and that is that there shall never be any second class citizens in Canada, and also that this idea shall be carried forward on a commonwealth basis in so far as immigration is concerned. We are all very proud of being members of the British commonwealth of nations. We hear a great deal, we read a great deal, especially in recent months, about the growing understanding, the awareness and power of those who may not be of the same colour as most of us in Canada and all of us except one in this House of Commons. The real strength of the commonwealth, Mr. Chairman, lies in the fact that there shall never be a religious nor a colour bar. The fact still remains, however, that Canada, even within the commonwealth of nations, maintains a colour bar.

I should like to ask the minister through you, Mr. Chairman, does not the maintenance of the commonwealth mean the removal, so far as immigration is concerned, of a colour bar? If we are members of the commonwealth, we are members of the commonwealth irrespective of our colour, whether we be white, black or yellow.

But the situation is still the same even under the minister. From what she has said so often from this side of the house I know of her belief in equality in commonwealth citizenship and understanding. As yet, however, she has given no indication of a change in the situation. It has been unfortunate that Canada has been held up to a bit of stigma and ridicule relative to Jamaicans and others of that type. If it is not possible nor practical to have any wide open immigration from all countries of the commonwealth, we in this group sincerely hope that the minister will be able to announce at least serious consideration of a greater honesty on behalf of Canada with respect to the landing permits for entry into our country required from those peoples who are part of the commonwealth, irrespective of their colour.

May I also state at this time that basically we are in complete agreement with her, on a planned immigration policy, as mentioned in her brief announcement when her estimates were up for consideration a week ago. We in this group have always stood for a planned immigration policy. Although we welcome immigration, it must be on a planned

basis and on a basis of understanding, whereby the immigrants are taken care of, because of previous commitments, and there is employment and housing for them and so that, when they come in as immigrants there is not an automatic displacement of our own Canadian citizens. May I say something to the Minister of Citizenship and Immigration. This may not be a completely popular thing to say but I believe it is something that must be said. In a planned immigration policy whereby, most likely on a humanitarian basis, certain provisions are made for those of non-British stock, cannot similar consideration be given to the assistance and maintenance of those who are of British stock?

I am certain that no one in this committee would express any regrets at the $14.5 million expended on behalf of the Hungarians. But, Mr. Chairman, admitting that—we voted for it—we say this. If this government is prepared to continue to spend money for their maintenance, why should not the same policy be adopted with respect to those who come from the United Kingdom? If we are prepared to pay, as we are now doing, not only the entire cost of transportation of the refugees but of their maintenance and education—and I may say that we are happy to do it—I ask the minister whether we do not owe the same consideration not only to those who come from the United Kingdom but to those of our own people who would like to be maintained in universities?

I hope that I am making it completely clear that we have never objected and do not now object to what was done. But what we say is this. How about thinking of our own people and their cost of education and how about thinking of our immigrants from the United Kingdom and their needs? There has never been one iota of assistance given in the directions which I now mention. We think it is time that the government made provision for such assistance.

I should like to ask the Minister of Citizenship and Immigration what consideration she is now giving or has given, or what change she may have in mind, with respect to the removal of a most iniquitous and vicious section of the regulations under the Immigration Act dealing with Canadian citizens of Chinese origin being able to bring their parents into Canada.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: May I ask the leader of the house what the program is for the next two days?

Mr. Green: Tomorrow we shall take the estimates of the Department of Citizenship and Immigration and on Friday the estimates of the Department of Agriculture. Monday will be a private members' day.

Mr. Pickersgill: I thank the leader of the house.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

YELLOWKNIFE—FORT RAE ROAD, N.W.T.—CONSTRUCTION COSTS

Question No. 101—**Mr. Hardie:**

1. What was the total amount paid to McNamara Construction Company Limited from April 1, 1958 to January 31, 1959, for work done on the road between Yellowknife and Fort Rae (Mile 0 to Mile 20 out of Yellowknife)?
2. Does this amount cover the total contract?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. $247,561.68.

2. No. The total amount of the contract is $1,072,684.24.

CANADIAN MERCHANT MARINE

Question No. 120—**Mr. Hellyer:**

1. How many ships composed the Canadian merchant marine at the end of world war II?
2. Of these, how many had been built during the war and were retired or disposed of in the immediate post-war years up to the end of 1950?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. In 1946 there were 151 ocean going ships of 1,000 gross tons and over on the Canadian register.

2. Of these, 140 had been built during world war II and all were disposed of by the crown by the end of 1950.

E. A. COTE

Question No. 152—**Mr. Argue:**

1. On what date was Mr. E. A. Cote appointed to his present position as assistant Deputy Minister of Northern Affairs and National Resources?
2. What position did he hold prior to this appointment?
3. What are Mr. E. A. Cote's duties and administrative powers?
4. Does Mr. Cote directly administer the affairs of either branch of the national museum of Canada?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. July 1, 1955.

2. Head of the American division, Department of External Affairs.

3. To assist the deputy minister in the discharge of his duties as deputy head of the department and, in particular, to supervise the operation of some branches of the department.

4. No.

JEAN GABUS

Question No. 153—**Mr. Argue:**

1. Was a Mr. Jean Gabus employed under contract by any department or agency of the federal government since January 1, 1957, for any purpose relating to the national museum of Canada?
2. If so, (a) what were the terms of the contract? (b) by what department was he so engaged?
3. Were any recommendations received from Mr. Gabus? If so, what was their nature?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2. (a) Under authority of the treasury board, the contract with Mr. Gabus, one of Europe's leading museologists, provided for a maximum payment of $5,000 during the period March 25, 1958 to March 24, 1959 inclusive. Payment was based on a rate of $100 per month plus $40 per day and travelling expenses for each day he was required to be away from home in connection with this assignment. Provision was also made in the contract with Mr. Gabus for a rate of $2 per hour to cover the services of an artist on his staff and up to $40 per month for stenographic services. Under this agreement, $2,802.08 has been paid to Mr. Gabus. (b) The Department of Northern Affairs and National Resources.

3. Yes. A preliminary report was submitted by Mr. Gabus to Dr. Jacques Rousseau, director of the human history branch of the national museum of Canada on August 19, 1958. His recommendations dealt not only with the physical facilities but with the function and organization of a national museum.

Mr. Gabus found both storage and exhibition space inadequate, with the result that specimens were frequently crowded, damaged and poorly displayed. He recommended that storage facilities should be expanded and provided with proper temperature and humidity control. He also suggested that facilities for registration and cataloguing should be improved and additional staff and space provided for the educational services. He recommended the establishment of a restoration laboratory under a trained technician. Finally he proposed certain rearrangements in the exhibition halls themselves.

Mr. Gabus also dealt with some of the desirable features to be included in a future museum, namely, three additional sections for history, pioneer life and technological discoveries.

ADMINISTRATIVE OFFICER, NATIONAL MUSEUM

Question No. 155—**Mr. Argue:**

1. Who is the present administrative officer of the national museum of Canada?

Questions

2. On what date did the civil service commission select him for this position?
3. On what date was he appointed to his present position?
4. On what date did the former administrative officer terminate his position with the national museum?
5. What was his reason for leaving this position?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Mr. George Edgar Charron.

2. May 17, 1957.

3. July 1, 1957.

4. Mr. Charron was the first administrative officer to be appointed to the national museum. There was no former administrative officer.

5. Not applicable.

DR. MARIUS BARBEAU

Question No. 156—**Mr. Argue:**

1. Was a Dr. Marius Barbeau ever employed in any capacity by the national museum of Canada?
2. If so: (a) in what capacity was he so employed?
(b) what was the date he first accepted such employment?
(c) on what date did his employment with the museum terminate?
3. Has Dr. Barbeau been offered a position with the national museum since then?
4. If so, has he accepted the position?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2. (a) At time of retirement—ethnologist grade 5. (b) January 18, 1911. (c) March 5, 1949.

3. No.

4. Not applicable.

DR. JACQUES ROUSSEAU

Question No. 157—**Mr. Argue:**

1. Has Dr. Jacques Rousseau, director of the human history branch of the national museum, made any requests since January 1, 1957, of the Prime Minister or the Minister of Northern Affairs and National Resources or their deputies, for an appointment with either of them to discuss the problems of the national museum of Canada?
2. If so: (a) on what dates were these requests made?
(b) was an appointment ever granted for this purpose?
(c) did such a discussion ever take place?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Speaking only for the present ministry, Dr. Jacques Rousseau sought and was granted one interview with the Prime Minister on February 19, 1959. He met the Minister of Northern Affairs and National Resources on several ocasions but has not made a request to the minister or his deputy minister or the minister's personal staff for an interview with the minister to discuss the problems of the national museum of Canada resulting in the enquiry to which I referred in the house on January 20, 1959. From time to time, Dr. Rousseau met with the deputy minister and assistant deputy ministers to discuss matters relating to the human history branch of the national museum of Canada.

2. Answered by No. 1.

R. G. ROBERTSON

Question No. 170—**Mr. Argue:**

1. On what date was Mr. R. G. Robertson appointed to his present position of deputy minister of northern affairs and national resources?
2. What position did he hold prior to this appointment?
3. What are Mr. Robertson's duties and administrative powers?
4. Does Mr. Robertson, either directly or indirectly, administer the affairs of either branch of the national museum of Canada?
5. If so, to what extent does his jurisdiction extend?

Answer by: **Hon Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Mr. Robertson was appointed deputy minister of resources and development by order in council P.C. 1953-1452 of September 17, 1953, with effective date November 15, 1953. Following the change to the present name of the department, he was appointed deputy minister of northern affairs and national resources by order in council P.C. 1953-2009, effective December 16, 1953.

2. Assistant secretary to the cabinet.

3. Insofar as the Department of Northern Affairs and National Resources is concerned, Mr. Robertson's duties and powers are the normal duties and powers of a deputy head of a department as set forth in the Civil Service Act and regulations. Mr. Robertson is also commissioner of the Northwest Territories and chairman of the Northern Canada Power Commission.

4 and 5. Mr. Robertson does not directly administer the affairs of either branch of the national museum of Canada. As deputy head of the department he is, however, responsible to the minister, as head of the department, for the operation of all branches of the department. His jurisdiction with regard to the branches of the museum is the normal jurisdiction of the deputy head of a department as set forth in the Civil Service Act and regulations.

GRANTS TO TELEPHONE COMPANIES

Question No. 173—**Mr. Racine:**

1. Has the government made any grants to private telephone companies since April 1, 1958?
2. If so, to what companies and on what dates were such grants made?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. No.

2. Answered by 1.

W. B. CROMBIE—D. FORGAN

Question No. 179—**Mr. Argue:**

1. Have a Mr. W. B. Crombie or a Mr. D. Forgan been employed by the St. Lawrence seaway authority during the last two years, and are they presently so engaged?

2. If so: (a) What positions do they hold? (b) On whose recommendation and by whom were they appointed? (c) What are their duties and salaries? (d) What are their qualifications for their positions? (e) Have either of them graduated from any university? (f) If so, what degrees do they hold?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes, since January 20th, 1958.

2. (a) Consulting engineers on claims. (b) The St. Lawrence seaway authority. (c) To investigate claims from contractors; per diem basis, $50. (d) Long experience as construction engineers and project managers. Both are members of the association of professional engineers of the province of Ontario and as such are entitled to advertise and practise as professional engineers. (e) No. (f) Answered by (e).

MUSEUMS, BOTANICAL GARDENS, ZOOS

Question No. 184—**Mr. Argue:**

1. What museums, botanical gardens or zoos are there in Canada which are operated and owned by a municipality or province?

2. When was each of these established?

3. What was the annual budget of each of these for each year since 1950?

4. How does each rank in its respective field?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1, 2, 3, and 4. This question should be directed to the municipalities and provinces. However, there is a list of museums and an assessment of their budgets, etc., contained in the report of the royal commission on national development in the arts, letters and sciences as well as in the directory of the Canadian museums association, 1955 (available from the secretary treasurer of that association, 16 Haworth avenue, Scarborough, Ontario.

NATIONAL DEFENCE—EUROPEAN TOURS BY NEWSPAPERMEN

Question No. 191—**Mr. Fisher:**

Questions

1. Did the Department of National Defence sponsor any tours of newspapermen in Europe during 1957 and 1958?

2. If so, what was the purpose of such tours, who were the participants, what newspapers did they represent, how were they chosen, and what was the total cost to the department of such tours?

3. Is such a tour under consideration for 1959?

4. If so, what is its purpose, scope, and estimated cost?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. No. However, individual Canadian correspondents have been, on occasion, transported to the United Kingdom on scheduled flights of R.C.A.F. aircraft to cover the activities of the Canadian forces stationed in Europe.

2. Not applicable.

3. No.

4. Not applicable.

SURPLUS AGRICULTURAL PRODUCTS STOCKS

Question No. 201—**Mr. Benidickson:**

What stock of surplus agricultural products were held in storage by the federal government on January 31, 1958?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

As at January 31, 1958, the agricultural prices support board held the following stocks:

Butter, 31,848,805 pounds; Dry skimmed milk, 28,714,624 pounds; Shell eggs, 167,201 cases; Frozen whole egg, 8,820,484 pounds; Whole egg powder, 58,902 pounds; Fowl, 7,345,417 pounds.

Stocks held by the board as at January 31, 1958, were not necessarily surplus since quantities of many of these products have been resold in the domestic market since that time.

FARM BOARD LOANS, SASKATCHEWAN

Question No. 216—**Mr. Argue:**

How many (a) loans; (b) applications for loans, have been made by and to the Canadian farm loan board in each year since 1950, in each of townships 1-4 inclusive in ranges 27-30 inclusive, west of the 2nd meridian, and in each of townships 1-4 inclusive in ranges 1-3 inclusive, west of the 3rd meridian, in the province of Saskatchewan?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

The Canadian farm loan board does not maintain records respecting applications and loans by federal constituencies or parts thereof as it does not require to do so for administrative purposes and the information requested is therefore not available.

HOUSE OF COMMONS

Thursday, March 5, 1959

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Third report of standing committee on miscellaneous private bills—Mr. McCleave.

OLD AGE SECURITY

TABLING OF REPORT OF DR. ROBERT CLARK

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to table the report on economic security for the aged in the United States and Canada by Professor Robert Clark, volumes 1 and 2.

REQUEST FOR STATEMENT AS TO GOVERNMENT POLICY

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in view of the high degree of urgency which the government a year ago attached to the matter, I wonder whether the Minister of National Health and Welfare can now announce the policy which the government intends to take with regard to the Clark report.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I think it is quite understandable that the Clark report would have to be perused before any policy could be announced.

Mr. Hazen Argue (Assiniboia): I have a supplementary question, Mr. Speaker. Can the minister say whether in this report Doctor Clark has made any recommendations, and whether in any instructions he had or in discussions with members of the government he was asked not to make any recommendations?

Mr. Speaker: The first question is one that I think the hon. member can answer for himself by looking at the document which is on the table. I am not sure whether or not the second question is in order.

Mr. Argue: My question was this, Mr. Speaker. Was Doctor Clark instructed to omit any recommendations from this report?

Some hon. Members: Oh, oh.

Mr. Monteith (Perth): Mr. Speaker, I think that is an insinuation which is not in order. I believe the terms of reference are set out in the document.

Mr. Pickersgill: If I may, I should like to ask a supplementary question. Can the minister tell us whether Doctor Clark was asked to make any recommendations?

Mr. Fleming (Eglinton): Why not read the terms of reference?

Mr. Monteith (Perth): Mr. Speaker, I think the terms of reference should be read in connection with this matter.

[*Later:*]

Mr. Erhart Regier (Burnaby-Coquitlam): I would like to ask a question of the Minister of National Health and Welfare; I regret not having supplied him with notice. I wonder if the minister could inform the house whether it is the intention of the government to refer the subject matter and contents of the Clark report to a special or standing committee of the House of Commons, and also whether we may expect any legislation at this session as a result of the Clark report?

Mr. Monteith (Perth): This will all be given due consideration, Mr. Speaker.

FISHERIES IMPROVEMENT LOANS ACT

FURTHER AMENDMENTS RESPECTING GUARANTEED LOANS ON FISHING VESSELS

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to provide in the proposed measure to amend the Fisheries Improvement Loans Act, Bill C-30, now before the house, that a guaranteed loan may be made to a person who, at one time, had an interest in a fishing vessel but no longer has such an interest or to a person who desires to acquire an interest in a fishing vessel for the first time.

Motion agreed to.

LIVESTOCK

REFERENCE OF SUBJECT OF HUMANE SLAUGHTER TO COMMITTEE ON AGRICULTURE

On the order: Government notices of motion:

March 3—The Minister of Justice—The following proposed motion—That the subject of humane slaughter of food animals be referred to the standing committee on agriculture.

Mr. Fulton: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands referred to and ordered for consideration under government orders at the next sitting of the house.

LABOUR CONDITIONS

ACTION BY NEWFOUNDLAND PREMIER—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the introduction by Premier Smallwood of Newfoundland of discriminatory legislation designed to deprive Canadian citizens in that province of their right to freedom of association and to membership in the trade union of their choice, and the imperative need for the government to formulate immediately a policy to guarantee basic human rights and fundamental freedoms to Canadian citizens in every part of this nation.

May I remind you, Mr. Speaker, that the federal government acted in 1937, when freedom of the press was threatened by an act of the Alberta legislature. It is my contention that the basic freedoms of the workers are as important as freedom of the press.

Some hon. Members: Order.

Mr. Peters: The I.W.A.-C.L.C. organized the loggers of Newfoundland. This union was certified by the Newfoundland labour board; it went through the legal bargaining procedure, and obtained a unanimous conciliation board report recommending a reduction in the work week from 60 to 54 hours and a small wage increase. The strike vote, despite court adjournment, resulted in a 98 per cent vote. All labour board requirements were complied with.

Mr. Speaker: The hon. member was rather extended in his remarks and I am not just sure what is the urgent public matter which he feels warrants the application of standing order 26. I find difficulty in seeing anything in the matter which the hon. member has mentioned which is within the jurisdiction of this house.

Before stating my decision in that respect, if any hon. member wishes to try to persuade the house that it is a matter for its consideration I will hear him.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, with your permission I should like to speak on the matter before you decide on the point of order. I should like to point out to you that it is within the jurisdiction of the governor general in council to disallow any action taken by any provincial legislature in Canada.

It is our contention that as the matter is now receiving consideration and some of this legislation has already received the approval —the unanimous approval, I regret to say— of the legislature of Newfoundland, it is within the jurisdiction of the government of Canada to take action in this regard. Since we regard the actions of the legislature of Newfoundland as an invasion of the fundamental rights of Canadian citizens, we feel that this is a matter which should be discussed at this time.

Mr. Speaker: I must say that the hon. member has not convinced me that there is any subject matter here within the jurisdiction of this house. Disallowance, if it takes place, is by reservation of a bill by the lieutenant governor, and I think it then is a matter for the government, not for the house. In any event the request is not to debate the disallowance of a particular bill. It is to debate the conduct of the premier of Newfoundland and the question of basic rights, which is on the agenda and will be debated in due course by the house. I am sorry that I cannot accept the hon. member's motion.

EXTERNAL AFFAIRS

INQUIRY AS TO VISIT BY UNITED KINGDOM PRIME MINISTER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he has anything to report to the house today on the possible visit of the United Kingdom Prime Minister to Canada on matters relevant thereto?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have nothing final to report except to express the sincere hope that the Prime Minister of the United Kingdom will be in Ottawa. There is a possibility that he will not be in a position to accept the invitation to address parliament; however, we can take it for granted, I think, that he will be here on the occasion of his visit to North America.

REFERENCE TO REPORTED STATEMENT BY U.K. PRIME MINISTER

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Yesterday, Mr. Speaker, the Leader

of the Opposition asked this question, as reported at page 1594 of *Hansard:*

—has the Prime Minister any comment to make on the statement of the United Kingdom Prime Minister in the House of Commons in London today to the effect that he is calling on the west to study the possibility of a partial pull-back or disengagement from central Europe in the interests of the prevention of war?

The information I have is that in reply to a question from the Leader of the Opposition, Prime Minister Macmillan used these words with reference to the possibility of Britain and her allies agreeing on a limitation of forces in central Europe:

It is one of the matters which in my view must be further studied together with all the countries concerned. This is one of my purposes in consulting with our allies.

At this juncture I do not think I should say more than simply refer to the answer which was given by Prime Minister Macmillan, which I have just quoted, and in addition point out that in the reply of July 9, 1958 to the Polish government's Rapacki note, the government stated that it would examine seriously all proposals which might lead to an equitable agreement in Europe. Relevant extracts from the reply, which was tabled on August 4, 1958 in the external affairs committee, are as follows:

—The Canadian government . . . is anxious to explore any proposal which might give some hope of providing an equitable basis for progress towards a disarmament agreement—

—The Canadian government remains concerned . . . over the continued failure to achieve much progress on disarmament and we therefore remain ready to examine suggestions which might be expected to lead by stages to the final aim—

That is the attitude of the government today, and it is in keeping with the suggestion of the British Prime Minister that the various allies of the United Kingdom will be consulted with regard to the question of disengagement.

TRADE

OIL—TABLING OF NOTE TO U.S. DATED OCTOBER 20, 1958

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I wonder whether we could revert to motions. I endeavoured to catch your eye, but without success.

Mr. Speaker: Has the minister leave to revert to motions?

Some hon. Members: Agreed.

Mr. Smith (Hastings-Frontenac): On Tuesday, March 3, I tabled in the house a copy of note No. 102 dated February 19, 1959 from the Canadian chargé d'affaires in Washington to the acting secretary of state of the United States concerning the United States government's import restrictions on Canadian oil. The first paragraph of the note which I tabled refers to an earlier communication, namely note No. 624 of October 20, 1958, from the Canadian embassy to the acting secretary of state. Since I tabled note No. 102 some hon. members have expressed interest in the earlier document. I therefore take this opportunity to table it, and I hope I can get the unanimous consent of the house to have it printed as an appendix to today's *Hansard.*

Mr. Speaker: I must ask if the house agrees to the printing as an appendix to *Hansard* of the document to which the Secretary of State for External Affairs has referred. Does the house give unanimous consent?

Some hon. Members: Agreed.

[*For text of document referred to above, see appendix, pages 1671-72.*]

CANADIAN BROADCASTING CORPORATION

MONTREAL—INQUIRY AS TO PRESENT STRIKE POSITION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of National Revenue. Has the minister anything further to report on negotiations in connection with the strike of C.B.C. producers in Montreal? Would he care to report to the house any information he has as to the position now taken by the C.B.C. with respect to the implementation of the tentative agreement signed some weeks ago? Can he say whether the C.B.C. is prepared, as I understand the union is, to honour this tentative agreement, and more particularly clause 3?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have forgotten the first part of the question. I believe the hon. member asked for a report on the situation. I do not think there is anything I can add for the information of the house which is not contained in the press today. But I am glad the hon. member has raised this other question, because I think in fairness to the house the situation should be clarified.

There have been statements in the press and elsewhere during the last few days that the Canadian Broadcasting Corporation has changed its position from that which it adopted when the so-called memorandum was initialled some time early in February. At that time I did not feel I was free to discuss the memorandum because the understanding was that it was to be kept confidential until the matter was completed. However, since

the wording of this memorandum has appeared in the press on several occasions I do not think anyone could accuse me of a violation of confidence if I were to put a paragraph from it on the record.

With the consent of the house I should like to put on the record a short statement from paragraph 3, subparagraph 1 I think it is, of the agreement which was initialled early in February. I am reading from the English translation. The original agreement was initialled in French, but I am assured the translation is absolutely accurate. This is how the paragraph reads:

> The association of producers, due to the role which its members play in the areas of public opinion and public service, and because of the particular position which these members occupy in the C.B.C., undertakes to maintain its independence from any third person, labour union or group of unions, but the association has the right, of course, to ensure for itself advice of a technical nature and assistance from such third person or groups.

That was one paragraph of the agreement which was initialled some time early in February, after these discussions, in fact. Latterly it appeared that the producers felt the agreement would permit them to affiliate with the C.C.C.L., despite the fact that there is this specific statement in the agreement that they were to maintain their independence. As a matter of fact the producers issued a statement which reads:

> There is no question of the association of producers breaking all relations with the Canadian and Catholic Confederation of Labour. The normal machinery of our association's affiliation to this labour organization is not completed, even though a request to this effect had been voted before the strike by a general meeting of our membership.
>
> It is evident, however, that we now intend to respect both the spirit and letter of the agreement which we have arrived at with the C.B.C. and that our relationship with the C.C.C.L. will be regulated by a special statute—

There may be some misunderstanding as to the meaning of this word "statute", that is whether they mean a statute or a regulation.

> —different from that of regular unions affiliated to this organization and taking into consideration the independence which we have agreed to maintain.

The problem arises, of course, as to how, in one document at one time they state they should be absolutely independent of any union or group of unions, and in the next breath they say they are going to be affiliated with the Canadian and Catholic Confederation of Labour, although the machinery of that affiliation has not been completed. It is in an effort to clarify that question that the delay has taken place. Right from the beginning the question at issue in this strike was independence of any union, as the house well knows, and the corporation thought the problem was resolved when this agreement was initialled.

[Mr. Nowlan.]

Now it develops that there is a real question of whether this independence is a play on words—I am not suggesting it is a play on words—as to the difference between a trade union and a management union, and the producers apparently feel they are entitled to have a management union but they deny any thought whatever of a trade union. The corporation has asked them to clarify that matter and that clarification has not been forthcoming. This is where the matter stands at the moment.

Mr. Argue: If the association involved is prepared to sign an agreement in exactly those terms, a binding agreement, is the C.B.C. prepared to sign such an agreement, the agreement that was initialled some time ago? Who is breaking faith?

Mr. Nowlan: The C.B.C. is prepared to sign the agreement which was initialled earlier, providing this question is clarified, and independence assured.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question arising out of the one which has just been asked. Following the minister's statement and the explanation he has given of this clause, does he not think in fairness and in all sincerity that this is the kind of issue in which the government should have intervened a long time ago?

Mr. Nowlan: The answer to that is no, Mr. Speaker.

PENITENTIARIES

MARITIME PROVINCES—INQUIRY AS TO SITE OF NEW FEDERAL INSTITUTION

On the orders of the day:

Mr. R. C. Coates (Cumberland): I should like to direct a question to the Minister of Justice. Can the minister say whether a decision has yet been made as to the site of any new federal penal institution for the maritime provinces?

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker; a decision has been made. Our problem in connection with an institution in the maritimes is twofold; first, to meet the overcrowding now existing at Dorchester penitentiary, which is the only federal penitentiary in the Atlantic area; and second, to plan for the situation which will exist when arrangements are made to take over additional prison responsibilities from the provinces.

To help prepare these plans the correctional planning committee has completed a survey of the Atlantic area. They have reported to me that it is their opinion that a site should be selected as soon as possible which is capable of development to meet

both the requirements I have mentioned and that the Springhill area which they visited possesses to a remarkable degree those basic features that are necessary as a site for a correctional institution; and they have recommended it as the logical location.

The Springhill area has accordingly been chosen as the site. There is still a good deal of planning to do in preparing a national system of penal institutions; therefore I cannot say when the full scale development of this site will be undertaken. Since, however, we have to deal with the overcrowding situation as a matter of urgency, a start on development will be made at the earliest possible moment.

Naturally, Mr. Speaker, I am very glad, as I know all hon. members will be, that in this case the logical development of our plans enables us also to make some contribution to the restoration of an area which recently suffered an appalling and tragic disaster.

NATIONAL DEFENCE

REPORTED PRODUCTION OF U.S. FIGHTER PLANE IN WEST GERMANY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Defence. I apologize for my failure to send him notice; however, it was only a few minutes ago that I realized he would be very anxious to comment on the press report to which I will refer.

Has the minister's attention been drawn to a press report in the *Globe and Mail* of this morning which reports that the Heinkel-Messerschmitt company of Germany are building 225 Starfighters for the United States and other allied air forces in Europe? Would the minister care to comment on this report, in view of the recent rejection by the United States of the Avro Arrow?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I have no detailed information about that subject. It would be a matter for the government of West Germany and the government of the United States to arrange.

HEALTH AND WELFARE

CLARENVILLE, NFLD.—ASSISTANCE TOWARD CONSTRUCTION OF HOSPITAL

On the orders of the day:

Mr. J. A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Could the minister tell the house whether the federal government has received from the province of Newfoundland a request for assistance under the national health grants toward the construction of a hospital at Clarenville in Newfoundland?

Hon. J. W. Monteith (Minister of National Health and Welfare): No such request has been received, Mr. Speaker.

TRANSPORT

MONTREAL—PROTESTS AGAINST INCREASED COMMUTER FARES

On the orders of the day:

Mr. Guy Rouleau (Dollard): I would like to direct a question to the Minister of Transport. Yesterday I asked the minister if he had received any protests against the proposed increase in commuter rates in the Montreal district. His answer led the house to understand that no protests had been received. Has the minister read the article which appeared in this morning's *Gazette* to the effect that a public hearing is going to be held on March 15 to hear the 33 bodies —towns, chambers of commerce and citizen's associations—which have protested the proposed increase? Is the minister now in a position to tell the house if he has received protests from these bodies, or copies of protests sent to the board of transport commissioners, and will he do something to protect the interests of the commuters?

Hon. George H. Hees (Minister of Transport): When the hon. member asked me this question yesterday I did not say that no protests had been received; I said that I had not received any protests. I have since been in touch with the chief commissioner of the board of transport commissioners, and he advises me that it is the board's intention to suspend the tariff and hold public hearings.

MONTREAL—REPORTED CANCELLATION OF PASSES OF RAILWAY EMPLOYEE COMMUTERS

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I should like to direct a question to the Minister of Transport. Yesterday I asked the minister if he were aware of the fact that the railway had cancelled passes formerly issued to railway employee commuters in the Montreal district. The minister told me that he was not aware of such action. For his information I have sent him a letter I received from one of my constituents protesting against this action which took place several days ago. Can the minister tell the house if he is going to do something to protect those employees and see that they get back their passes?

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for having advised me of his intention to ask this question. In view of this last representation I shall be glad to draw it to the attention of the management of Canadian National Railways.

LABOUR CONDITIONS

RATIFICATION OF INTERNATIONAL CONVENTION RESPECTING FREEDOM OF ASSOCIATION

On the orders of the day:

Mr. Frank Howard (Skeena): May I direct a question to the Minister of Labour; I regret having not been able to give him notice. I wonder if the minister can indicate whether it is the intention of the government, if the government has not already done so, to ratify International Labour Organization convention No. 87, namely a convention concerning freedom of association and protection of the right to organize, having special reference to article 4 thereof, which says:

Workers' and employers' organizations shall not be liable to be dissolved or suspended by administrative authority.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, this matter has not been given any consideration.

Mr. Howard: As a supplementary question, Mr. Speaker, may I ask that this be given consideration?

Mr. Starr: That will be given consideration.

INDIAN AFFAIRS

SIX NATIONS RESERVE—REQUEST FOR STATEMENT ON DISTURBANCE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Citizenship and Immigration whether she could give the house any account of the reported disturbance on the Six Nations reserve?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Well, Mr. Speaker, I have had just a very sketchy report up to date, but I understand that this morning a group supporting the hereditary chiefs read a proclamation on the steps of the council house, a copy of which has been forwarded to me and arrived in the noon mail. I have not yet had an opportunity to study it, but certainly the matter will be given very serious consideration.

Mr. Pickersgill: Has the hon. lady any information as to whether there has been any intervention by the police?

[Mr. Rouleau.]

Mrs. Fairclough: Mr. Speaker, the police were warned that this group intended to visit the council house and I understand they were in attendance, but so far as I know there was no intervention.

AGRICULTURE

INQUIRY AS TO PREPARATIONS TO RECEIVE WESTERN DELEGATION

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Could the minister inform the house of any preparations he may have made to receive the delegation of farmers expected from western Canada?

Hon. D. S. Harkness (Minister of Agriculture): I am sorry, Mr. Speaker, but I did not catch that question.

Mr. Boulanger: Could the minister inform the house of any preparations he may have made to receive the delegation of farmers expected from western Canada?

Mr. Harkness: Mr. Speaker, I do not think any preparations are necessary. I believe the farmers from western Canada have made their own arrangements. I understand that they have engaged the ballroom of the Chateau Laurier for a meeting at which they have asked members of the cabinet to be present to meet them. I do not know of any other preparations that are required.

TRADE

WHEAT—REQUEST FOR STATEMENT ON NEW INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. I am sorry I was unable to give him notice, but this question deals with a subject on which I believe he could answer with great facility. There is much concern as to the progress toward a new international wheat agreement—

Some hon. Members: Order. Question.

Mr. Argue: Can the minister say what position those discussions are in at the moment, whether an agreement as to price is likely to be made soon, and whether the United Kingdom will be coming into the agreement?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this subject is of great importance. The negotiations with regard to the international wheat agreement have been proceeding for some time, but I am not in a position to comment on the state

of those negotiations at the moment. We have every hope that the United Kingdom and other importing countries will enter that agreement, and we are confident that a suitable arrangement will be made with regard to price.

RUSSIA—REQUEST FOR STATEMENT RESPECTING EXTENSION OF AGREEMENT

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Minister of Trade and Commerce a question concerning the trade agreement with Russia. I understand the former trade agreement lapsed last Saturday. What is the position now with respect to trading with Russia?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I believe we dealt with this question just the other day. The negotiations with Russia are continuing, and we hope to be able to arrive at another trade agreement with that country in the course of time. The other agreement lapsed, but negotiations are going on in a very friendly spirit.

Mr. McIlraith: May I put a supplementary question, Mr. Speaker, just to clarify the answer. Do I understand that at the moment there is no trade agreement with Russia?

Mr. Churchill: At the moment, of course not; but Russia enjoys most favoured nation treatment and has for a number of years now. There is no restriction with regard to our trade with that country.

SUPPLY

The house in committee of supply, Mr. Sevigny in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

52. Administration of the Immigration Act, $1,199,386.

The Chairman: This item will be found at page 12 of the blue book, details at page 137.

Mr. Fleming (Okanagan-Revelstoke): Mr. Chairman, I should like to direct to the Minister of Citizenship and Immigration a question which relates to a number of European refugees who are not now and have not been for a number of years considered admissible to Canada. I would ask the minister if she and indeed the government will not consider the possible institution of a special program to deal specifically with the problem of these people.

I refer to those who are described in the last report of the United Nations high commissioner for refugees as difficult cases, those refugees who because of age, illness or other incapacity are unable to earn their own subsistence and who have no relatives who can support them.

The position is this, Mr. Chairman. Owing to the state of health of these people, many of whom suffer from tuberculosis, mental illnesses and other afflictions, they are not and have not been considered admissible to Canada for understandable reasons. But not only are these people inadmissible; the effect is that their families are also denied admission, because entry is not granted to any family a member of which is suffering from tuberculosis, mental illness or some other incapacity.

Obviously the situation of these people can become desperate if they are required to spend periods of years in camps for unsettled persons or alternative United Nations accommodation in Europe, with no solution in sight for the problem. There is no hope of their getting out of the camp and being accepted in any country other than the one in which they are residing as non-settled cases, and as long as the illness persists they are required to continue living in these European camps or other United Nations accommodation.

There is one alternative, but it is obviously unattractive to many. The members of some of these families who are not incapacitated by illness may come to Canada under certain conditions providing they are willing to leave the ill member behind, and many families are not willing to make this sacrifice. In the high commissioner's report it is stated that a recent survey has shown that among the non-settled refugee population there were 4,700 difficult cases in camps including all family members, and at mid-summer of 1957 there were 16,300 non-settled difficult cases in alternative accommodation.

Certain countries within the United Nations have recognized the existence of a problem, have waived the regulations which make those people inadmissible, and have instituted special programs to take care of a number of them. Probably the best example of this is the program undertaken by Sweden and Denmark in conjunction with each other, in which they took 200 difficult cases and provided for them under a special program. The Swedish representative reported to the third committee of the United Nations that 200 of those cases have been successfully treated, brought to a cure and integrated into the community in both Sweden and Denmark.

I feel that this is a continuing problem that can never be resolved unless nations

such as Canada and others are prepared to institute special programs to deal with a particular situation. I would suggest that perhaps Canada is in a better position than most nations to undertake a program on behalf of tubercular cases in particular. If my information is correct, the incidence of tuberculosis in Canada has been considerably reduced in recent years, so much so that in one province at least a sanatorium that had been in operation for a great many years has been closed, since it is not longer necessary, and other similar institutions are operating at less than capacity in other parts of the country. Improved medical care and treatment, better preventive programs and so forth, have brought Canada into this relatively favourable position.

I feel, therefore, that Canada should join with Sweden, Denmark, Belgium, France, Italy and some of the other countries that have recognized the difficult situation of those refugees and institute on a trial basis—and I would suggest in the first instance on a trial basis only—a program designed to provide for the difficult cases and in particular those who are suffering from tuberculosis. This could mean, Mr. Chairman, that as few as 50 tubercular cases accepted into the country would provide a solution to the problem of 200 and more people, because there may be in many instances one tubercular case in a family unit. If we could provide a program of treatment, care and cure for one we would to some extent automatically solve the problem of a larger number.

I realize, of course, that it is not a simple program. There are complexities involved, and it would require greater expense for the handling of individual cases than would ordinarily happen. This is why I would suggest, particularly in view of the employment situation in the country at the present time, that the matter be studied now and if it could be instituted this year, if conditions are favourable, that it be done. But if it cannot, and if it does not seem feasible this year, preparations could be made so that such a program could be instituted at a time that is appropriate.

I believe there are a number of successful programs in addition to the Swedish one that Canada might use as a model for any trial program; but I also believe that the best case study we have in this particular regard is the project undertaken two years ago by Sweden and Denmark. Consequently it would not be necessary for the government of Canada to enter upon such a program without having the opportunity to understand exactly what was involved, what costs were likely to be encountered and the degree of success that would likely be attained.

I think it can be readily understood by all hon. members of the committee that life in a refugee camp, or in any impermanent accommodation, without any other solution of the problems of the people involved, can become extraordinarily sterile because those people have no prospects of a solution of their individual problems. Naturally as it is borne in upon them that this life could go on for them without any future prospects of any attractiveness whatever, they are bound to become despondent. Those who are ill are bound to find those conditions weighing heavily on their minds, which would prejudice their chances of recovery and, in any event, the United Nations probably does not have available to it the sums necessary to effect complete cures of those cases which are well advanced or stubborn in response to treatment.

I think several countries such as Canada, which have a good record in the treatment of tuberculosis in particular, could help to solve this continuing problem. At least, Mr. Chairman, I feel that Canada is in a sound position to study the problem; for as long as the prospects of acceptance and resettlement are denied those people, as long as they have little hope of restoration to health, if they lose confidence in the good faith and good intentions of the people to whom they have turned for refuge, they can become prey to the influence of disaffection and hostility.

I submit, Mr. Chairman, that the influence of even a few who believe themselves to any degree to have been betrayed can spread fear beyond the bounds of a few European settlements. I fear that growing disaffection will be the consequence of failure to take the steps which are necessary to solve the problem of the difficult cases of those refugees. Therefore I would ask that Canada study the successful programs undertaken by certain European countries, which in many cases are not as favourably situated to handle those problems as we are, to see whether there is not some way in which we might undertake a similar program for the relief of at least a limited number of those difficult cases in Europe. Then on the basis of that trial program we can see whether Canada can institute a continuing program and consequently influence other countries to do the same, until the problem that exists in the European camps is eliminated forever.

Mr. Crestohl: Mr. Chairman, I wish to congratulate the hon. member for Okanagan-Revelstoke on the very lofty and humane

appeal he has just made to the Minister of Citizenship and Immigration. This is not a new problem; it is a problem with which I know the Department of Citizenship and Immigration of Canada, as well as those of of other countries, have been wrestling for some years now in an endeavour to clear up the old hard core of refugees who are still wandering about with no place to go. It is something which has come to the attention, I am sure, of the Minister of Citizenship and Immigration, and we can only hope that the government will rise to the great heights of being humanitarian about this problem and will bring about as speedy a solution as possible.

Perhaps this too might fall into the category of the government at last recognizing the importance of large-scale immigration into Canada. During the nine or ten years I have had the privilege of being a member of the house there have been debates as to the advisability and necessity of encouraging large-scale immigration into our country, and I am pleased to see that at long last recognition has been given to that principle. It has been given by the present Minister of Citizenship and Immigration and by the present Minister of Finance. The principle has also been recognized by the Prime Minister.

Only a short while ago I had occasion to refer to some remarks the minister made in what I believe to be her most recent speech outside the house, in which she emphasized as eloquently and as forcibly as anybody possibly could the importance of encouraging immigration into Canada. Let me read what she said on January 14, 1959 as reported in the Montreal *Star*:

> Immigration minister Ellen Fairclough said today that immigrants have helped to bolster the Canadian economy by their consumer buying, by establishing new businesses and industry and by bringing money into the country. Mrs. Fairclough denied that immigrants were taking jobs away from native born workers.

I am sure hon. members will recognize that by that statement the minister has completely exploded the myth that immigrants who come to Canada take jobs away from Canadians. She was very clear and categorical; but in the event that there is any doubt on that score in the mind of any member let me continue, for purposes of emphasis, with what she said on that occasion:

> Occasionally we hear that immigrants take work from native born Canadians and aggravate unemployment; this notwithstanding the oft-expressed view of reputable economists that there is little or no connection between immigration and unemployment.

It is very encouraging for us to know that. In making her statement she gave details as to the amount of manufactured goods that new immigrants have consumed over a certain period and the amount of purchases they have made, so there should be absolutely no doubt in anybody's mind but that large-scale immigration would certainly stimulate employment in Canada.

I have also referred to the categorical support of the Prime Minister. In a report emanating from Toronto on April 26, 1957 I find that the Prime Minister said that Canada must have new population through immigration if it wants to hold and develop its resources. He went on to say at a press conference at the Canadian ethnic press club that "we must either populate or perish".

I therefore say to you, Mr. Chairman, and to hon. members in the house, particularly members of the government: Pay close heed to these words, "we must either populate or perish", words uttered by no less a personality than the Prime Minister himself. As I said previously, this view was also supported by the Minister of Finance when he brought down his last budget, and I feel that at long last the principle of large scale immigration into Canada is being accepted by the entire country.

In the event that some might think the labour unions still persist in their fear that immigrants might take away jobs, I am happy to say that this view has been exploded by economists who, as the minister has stated, certainly have made a study of the matter and are familiar with the problem. I should add in all fairness that the Prime Minister went on to make the statement that the only limit on immigration should be the capacity of Canada to absorb newcomers into her economic life. He added that Australia's forward looking immigration policy has produced the conclusion that it can absorb 4 per cent per year of its total population and that such a yardstick applied to Canada would establish a figure of 640,000 immigrants a year or more than four times the number that came to Canada in 1956.

There you have the Prime Minister of the country stating in clear and categorical terms that if Canada followed the yardstick employed by Australia it could absorb 640,000 new immigrants a year. In the light of what the minister herself and the Prime Minister have said about large-scale immigration, it is important for us to have a look at the figures for a moment to see what the government has accomplished in this regard since it took office. I now quote certain figures. In 1957, 282,164 immigrants came to Canada; and accepting the new trend toward large

scale immigration one would have expected that in 1958 there would have been a tremendous upsurge if that policy had been followed through. Instead we find a lamentable situation. In 1958 only 124,825 immigrants came to Canada, or less than half the number who came in 1957.

That is something that has puzzled me. The government has accepted the principle that large-scale immigration is necessary and urgent. They have accepted and recognized the principle that immigrants do not take away jobs from Canadians. Where was there any hectic activity to increase immigration in 1958? Something happened in a mysterious way. I address myself to the minister for an explanation. What happened to her theory, her desire, her belief in large-scale immigration which resulted in this lamentable drop in the immigration figures?

It has been pointed out that there was a lower number of immigrants from the United Kingdom than ever before. This is something that has to be explained. I am wondering whether the immigration program is controlled administratively through the strictness of immigration regulations. I realize and can say from personal knowledge that without any doubt we certainly have most competent and efficient immigration officials. I have met them in Canada. I have met them in the various countries of Europe. I think they are of the highest type and are most conscientious, competent and capable men.

I feel, however, that their hands are tied. They are rigidly bound by regulations. In the light of this new approach to large-scale immigration I now want to make a plea to the minister to review the Immigration Act so as to allow the officials who meet prospective immigrants more latitude in dealing with them and more authority in making decisions about these matters, rather than having them bound rigidly by a discipline which is almost military in its form. They cannot go beyond the regulations.

Let me illustrate. An applicant for immigration comes before an official in Paris, London or Rome. The official sees the man, talks to him, is impressed by his appearance and his education, as well as his financial means. Here is a man who is most competent. He is well trained, a specialist in some field. Unfortunately that immigration official has no authority to say, "In my judgment this man would be a good immigrant for Canada, and I will issue a visa". He has not that latitude.

Why has he not that latitude? It is because this applicant may come from a country against which restrictions are imposed because of relationship. This man may not be the brother, father or son of somebody in Canada, and under our very strict regulations this might make it impossible for that man to come to Canada. You may have, on the one hand, the son of a Canadian citizen who applies to come to Canada and who is incompetent, who is impoverished, who has no skills and no training. However, under our regulations he is admissible to Canada. The other man who is so extremely competent and most desirable is not eligible to enter Canada. I therefore again urge the minister to see that her officials abroad, who meet these immigrants and talk to them, who look into their eyes, who hear their replies and who cross-examine these men, have more latitude.

I beg your pardon? I did not hear the hon. member. I thought he said something about blue eyes, and most certainly indeed blue eyes should be admissible to Canada. Anything else that is blue would be admissible, and I am sure the hon. member would agree with me.

I want to point out something else to illustrate why I believe a review of the immigration act is now due. The last time it was revised was some years ago, and in the light of the change in the entire theory of immigration I think the act should be revised now, especially if we really do want to populate Canada. There should be a revision if we want to take the advice and leadership of the Prime Minister, who said "populate or perish". I consider that a root trend in government policy in connection with immigration, and in the light of that root trend our immigration regulations should be so redrafted that they could meet this trend. It will be impossible to do so under present regulations, even with the best will on the part of all our immigration officials and the best will on the part of the government.

Let me give some illustrations. I draw to your attention that under the Immigration Act parliament has given authority to the government to make regulations, and it is interesting to note the grounds upon which anybody may be denied entrance to Canada. These grounds are not contained in our law, they are not contained in the act which came before parliament and which parliament examined. All these prohibitions and all these permissions are contained in the regulations which parliament never saw. The regulations were prepared by the government or by departmental officials and were enacted by order in council. I think this is rather unfortunate. I do not know whether or not these regulations could be held illegal by a competent court.

However, these are the regulations which govern and control immigration into Canada, and which never came before the House of

Commons or any committee of the house. I want to deal with them. For example, people are admitted from some countries if they are unmarried children under 21 years of age. If a child were 22 years of age that child would not be admitted. I ask hon. members, is an unmarried child 22 years of age less beloved by its parents than an unmarried child 20 years of age? The 20 year old child is admitted, but the 22 year old child is not admitted.

Then, too, the unmarried orphaned nephew or niece under 21 years of age is admitted. It is quite possible that an orphaned nephew or niece who is over 21 years of age is not admissible into Canada. Well, we want to be sympathetic and we want to consider these things. Here are anomalies in our laws which are difficult to accept. You have too, Mr. Speaker, the fact that a father who is over 65 years of age is admissible, or a mother who is over 60 years of age.

Now, I ask this question on whatever ground you want to approach it. If a father is 64 years of age or if a mother is 59 years of age and they want to join their children in Canada, why should there be that prohibition? Why should we say, because you are not yet over 65 you cannot come to your children, or because the mother is not over 60 she cannot join the family here? These are anomalies in the law which I do not criticize. I feel that at the time they were enacted they were created in order to control the flow of immigration from various countries. However, if we believe in the humanitarian grounds to which reference has been made, certainly a revision of regulations of this kind would be well justified.

Let me give you another illustration, and on this I make a direct appeal to the minister. Brothers and sisters of Canadian citizens who came from Poland are admissible into Canada. If you are not a Canadian citizen, even though you have lived here for 10 or 15 years, you cannot bring your brother or sister from Poland to Canada. Well, perhaps that is a privilege that is extended to the brothers and sisters of Canadian citizens, but I should like to appeal to the minister. If a person comes to Canada from Poland and has been here for three years or four years and then finds he would like to bring a sister from Poland to Canada, then I would appeal to the minister to extend that category. I would say that people who are landed immigrants in Canada, whether or not they are yet naturalized, should be permitted to bring their brothers or sisters into Canada.

At one time, and not so many years ago, even brothers and sisters of Canadian citizens were not admitted into Canada. I remember that I was on a delegation which waited on the minister and deputy minister and appealed to them to allow brothers and sisters to emigrate to Canada. We had a good reception, and both the minister and the deputy minister at the time agreed to amend or arrange the regulations so as to allow brothers and sisters to enter Canada provided the applicants in Canada were Canadian citizens.

I now appeal to them again. There are not many more of those people left in Poland. They have practically all come. There may still be some left in Poland whose brothers and sisters in Canada are not yet Canadian citizens. It would be in line and consistent with the minister's desire and intention to be considerate and humane about the matter to extend that category.

The same thing applies to another group. The department showed much compassion and consideration to the unfortunate refugees who were compelled to get out of Egypt. Some of those who also had to get out of Poland and made their escape out of that country—they were able to get out; it is not always easy to get out of those countries—made their escape into France or into Austria. Under existing regulations these refugees who flooded those countries are not permitted to come to Canada unless they sit around somewhere in Europe for at least two years.

At the time I could understand the purpose of that regulation, but all those reasons are now fairly well exhausted. I think the minister and the department, having regard to our desire to populate Canada, should extend that category to include refugees and escapees from Poland and from Egypt. I know it would be a humanitarian act, and it certainly would be much appreciated. It would also be consistent with the appeal made by the hon. member for Okanagan-Revelstoke.

I should like to raise another point, Mr. Chairman, and deal with the question of those who have come to Canada as visitors. I appeal to the committee to take note of this painful situation, which I think requires to be remedied. I now speak of cases with which I am personally familiar. A man comes to Canada as a visitor. He is in Canada for a month or two and then asks for permanent landing. He is examined. He is found to be a man of means, of education and of competence, but he is told, "When you left Europe you were asked whether you were going to Canada as a tourist or whether you were going to Canada with the intention of settling there, and you said you were going as a tourist". The charge is, "You did not tell us the truth", and the man is told, "Go back to Europe and make your application there". Strictly speaking that

Draconian application of the law and the regulations could be right; but having regard to common sense, fairness and the economy of the thing itself, I do not think that a man, after he has been in Canada, decides that he would like to remain here and makes his request, should be told to go back to Europe. It is not merely a question of the expenditure of $1,000. One gentleman with a large capital to bring to Canada—in fact he had it here—told me, "If Canada does not want me I can find other countries to which to emigrate". He said, "I will go to Australia, or I will go to South America". The Prime Minister at one stage said that we have lost many good immigrants through strict interpretation of the regulations. I should like to give that quotation:

> The Conservatives, he continued, will end the arbitrary and unjust interpretation of immigration regulations which have been a feature of Liberal immigration policy.

At another place he made another statement. I just cannot find the quotation at the moment, but he stated that Canada has lost a great many good immigrants by a harsh interpretation of the regulations. I feel that if we in Canada are approaching an era in which we propose to expand our immigration, the minister and her officials should take a second look or another look—and a good one—at our regulations which I find are sharp, harsh and Draconian.

I know that many of our immigration officials are most sympathetic and have expressed that sympathy; but unfortunately they say, 'My hands are tied; I must follow the regulations". The regulations are harsh, Mr. Chairman, they could stand much revision. If only we had that confidence in our immigration officials abroad to allow them to exercise their discretion based on their training, their knowledge, the fact that they have met the prospective immigrants; and if they find they are desirable immigrants, to give them authority to issue a visa—that is the way in which we will get good immigrants, rather than have them sit around in some city in Europe, write to Ottawa and ask for a permit.

Of course there are certain requirements that are basic. Every immigrant must be in good health and must have a good moral record. These are basic requirements. Certainly every immigrant must, after investigation, be acceptable to Canada. He must not be a communist. Once these basic requirements are met, what difference does it make whether, as a father, he is 66 years of age or 64 years of age, or whether as a brother he is 21 years of age or 20 years of age, or whether he comes from this country or that country? If he is a desirable immigrant, if he has the means, if he is useful, if he can help to build the economy of Canada, I believe we should give the immigration officials abroad the authority and power to exercise their discretion and their sympathy. I do not think that the department will make any mistake if it will show full confidence in all its immigration officials abroad and not have them held tightly by a series of Draconian—I repeat the term—or harsh regulations.

Maybe that sort of thing was necessary at the time Canada's policy was restricted or selective immigration, but certainly my appeal is supported by the Prime Minister, by the Minister of Citizenship and Immigration and by the Minister of Finance. If we are now taking a new trend in immigration, let us make it possible by giving our officials the necessary authority.

Mr. Herridge: Mr. Chairman, I intend to speak quite briefly this afternoon. What I have to say represents the opinions of some people in my constituency who are members or supporters of all parties in this house, who are much concerned about the question of immigration.

First of all I want to thank the minister for her willingness to give information when it is sought and to reply at considerable length to letters from a member who on occasion is extremely troublesome. I want to compliment the senior staff and the officials of the immigration branch. I think anyone who has had anything to do with this problem realizes that they have some extremely difficult and trying situations with which to deal. You always do when dealing with human beings.

I also want to include the local officials in southeastern British Columbia, whom I know very well indeed and who have been very harassed on occasions in the last year or two by the burden imposed upon them through unexpected immigration policies and things of that sort. I have admired the way they have carried on their duties, at considerable inconvenience and discomfort on occasion, and I might say I am of the opinion that Ottawa does not always quite realize what it is asking the local officials to do. In some cases they have been asked to do a bit too much.

Having made those complimentary remarks, Mr. Chairman, I want to say a few words about immigration, because I have discussed this matter with some of the people in the labour movement, at veterans' meetings, women's associations, and with business people and a good number of people on the street. I associate with my people; I like to find out what they are thinking. I suppose

it is because of the recession—I think that is the correct term—of the last year that there is more concern about this problem than there has been for some years.

We in this group, as the minister knows, stand for an immigration policy planned according to the capacity of the country to absorb immigrants. I think that is a very sound stand, and it is a policy which, in one direction or another, can be made elastic to meet changing circumstances. I think when considering immigration at this time we have to realize we have nearly half a million unemployed Canadians in Canada. While we cannot expect to occupy this vast land without providing opportunities for people from other lands, our first responsibility is to the people of Canada, particularly under these circumstances. In our opinion only those immigrants should be brought to Canada, with the exception of a few refugees I want to mention later, who can go to assured employment or who are not going to be a charge on the public exchequer because they are going to be cared for by relatives or sponsors until they obtain employment, and are assured of housing without displacing Canadian citizens.

The hon. member who just preceded me argued that under present circumstances immigrants do not take jobs away from Canadians. Mr. Chairman, I want to say that is absolutely untrue and not according to the facts. I can speak with some knowledge on this matter because I have had cases brought to my attention. I would like to mention one case of a veteran who fought for this country, not against it, for five years, now living in the city of Nelson, who was unemployed for several months. He was an electrician who registered at the national employment service and was unable to obtain employment. An immigrant—and I do not blame him—coming from central Europe obtained a job as an electrician within three days of arriving in Canada. He took the job which the Canadian veteran should have had.

Another illustration. I happen to be associated in a very small way in the lumber industry and meet quite a lot of people interested in that industry and engaged in it. I know of a case where five immigrants obtained employment in one lumber company's mill, while in a neighbouring small village there were a good number of Canadians seeking employment who had registered with the employment service. I have had numerous illustrations brought to my attention of that type, particularly during last year. So it just is not correct to say that immigrants do not take jobs away from Canadians; under certain circumstances they do. I have been asked to bring this to the attention of the ministry by some very good citizens in my constituency representing all parties, and I might tell the minister that very prominent supporters of her party have written some rather caustic letters in the press about these matters.

Why do they get these jobs? As I say, I am not blaming the immigrants at all. They get jobs often before Canadians who have been unemployed for some months. I see the former minister of immigration looking at me. I am sure he will differ with me more and more on this point as I proceed with my remarks. But why do they get these positions? Because the average Canadian registers at the national employment service and waits for a call for a job. He has not the money to travel all round the country. The immigrant gets a special service. The officials of the department travel all over the country looking for jobs for immigrants. I do not blame them; it is their duty, and it causes them quite a headache. In one case they went to a small company with which I am acquainted and begged the manager to take on one or two of these people. They said, "They have dumped down a number of people and we have to distribute them somehow." Then if someone is needed in the mills or in the woods at that moment the manager often says he will give them an opportunity.

I might say that this company gave three or four the opportunity, but as they were only able to make $12 a day splitting fence posts they resigned after four days and went to live at the government of Canada's expense at a hotel in Nelson. That is a fact, because I followed the case up. We have had a number of illustrations like that, but of course they are a few of the bad eggs.

So the Canadian unemployed are placed at a disadvantage under these circumstances. That is why, on behalf of a great number of people in my constituency, I do urge that this question be given very careful consideration so that we do not have the situation where immigrants are brought to this country and forced to compete with Canadians, take their jobs away on occasion, or live at the public expense until they can find employment.

I think the formula I have outlined is sound. They should be brought to this country when there is assured employment or when they are going to be cared for by relatives or sponsors until they have obtained employment, and when they have an opportunity to obtain satisfactory housing without competing for scarce housing with Canadian citizens. This question is of growing concern to labour organizations in British Columbia. No

doubt the minister has seen statements in recent days, weeks or months in that respect.

Having said what I intended to say on that question, I now want to say a few words about the representations made by Chinese Canadian organizations with respect to the admission of certain relatives. I want to express my support for the briefs of those organizations. I have had a lot to do with a small number of Chinese Canadians over a long period of years, and I must say I never found that these people came to the government for assistance or support. They make good citizens and are hard workers; and as I have said before in this house I know some two or three hundred in my constituency and in other places, and they are very popular generally with the other people in the district. I do urge that the representations of their organizations be given favourable consideration.

I do want to express my support for the plea made by the hon. member for Okanagan-Revelstoke for the admission of a certain number of refugees. I am not going to deal at length with this question, because I thought he spoke very well indeed on it. I think we have had a moral obligation to these people, and I have said this over a period of years. I understand there are still some few thousands in refugee camps, and some have been there for a good many years. I think in that connection, and on strictly humanitarian grounds, we should give some consideration to their plight and accept our share in liquidating this long term and unfortunate problem. I endorse entirely what the hon. member said in this respect.

Now I come to my concluding remarks. Last year I was going to ask the minister a series of questions with respect to the immigration of Hungarians into Canada, but as I happened to be called out of the house I did not have that opportunity. However, I wrote the minister a letter in which I asked the questions which I had been requested to ask by persons in labour organizations, by veterans and by students at the University of British Columbia. The minister replied at some length and completely answered my question and I thank her for that. In her letter she mentioned that as of September 8, 1958, the total approximate cost had been $14,413,929.05—I like that 5 cents. I will not go into a complete breakdown of the costs.

The hon. lady proceeded to answer the other questions I had been requested to put to her. She wrote me as follows:

> In reply to your third question, the Sopron forestry faculty was brought to British Columbia from Vienna at a transportation cost to the Canadian government of approximately $105,000 and provided with accommodation and maintenance at a cost to the Canadian government of approximately $347,190

[Mr. Herridge.]

> —an approximate total cost of $452,190, or about $1,482 for each member of the group of 305. The cost is approximate only because these refugees were accommodated in immigration hostels at different times since their arrival and while there, the cost has been assessed at $2.25 per person per day.
>
> With regard to your fourth question, of the 305 members of the Sopron forestry faculty, there were 190 students, 28 members of the faculty and staff, and 90 dependents (3 dependents were also students).

I have always been amazed at the large size of this faculty in view of the fact that Hungary is a grain-growing country and has a relatively small forestry industry. While all parties in this house supported the estimates required for the bringing of these people to this country under emergency conditions, and I think we have been very generous indeed, I am one who under the present circumstances thinks there comes a time to call a halt. The enthusiasm with respect to this migration has considerably lessened in recent years no doubt due to the lapse of time and various contacts and incidents that arose in various places across Canada in connection with some of these people.

I was interested in listening to the appeal of the hon. member for Bonavista-Twillingate on behalf of the Sopron faculty and students at the University of British Columbia for assistance for them to complete their education at the university. I well understand his good intentions in that respect. However we have already been very generous. We brought all these people here and paid their expenses but when we are asked to do what he proposes I suggest we should remember that there are hundreds of young Canadians who have not been able to finish their university course in the last year owing to the fact that they were unable to obtain employment, last summer particularly, between the closing and the opening of the universities.

We have young Canadians who were former students of the University of British Columbia and who were unable to continue their courses at the university this year because they found it impossible to obtain employment during the summer months. I believe we should give consideration to that fact and therefore I have been asked to express the objection of a good number of people who are supporters of all parties in this house, as I said before, to this proposal while we have young Canadians unable to continue their university courses because of being unable to obtain employment. I think we should treat all these people at least on an equal basis. I cannot support giving this ultra-generous treatment to this small group of people when we know, as I have already

mentioned, there are a good number of young Canadians unable to continue university courses in Canada this year.

The hon. member for Bonavista-Twillingate mentioned the fact that if we did not complete this operation it would serve to give the soviet government the laugh on us, as it were. I think that was the purport of the hon. member's words. The government of Russia, he suggested, could be critical of our being unable to complete this project. I do not think the government of the U.S.S.R. gives tuppence whether we complete it or not, and I believe we have to view the question in the light of the money we have available and also in the light of our responsibilities to young Canadian citizens first.

On behalf of the people who have mentioned this to me I wish to take exception to the payment of the fees for these people to complete their courses at the University of British Columbia unless we are willing at the same time to do the same for the young Canadians who live in British Columbia and who are unable to complete their courses for the very same reasons.

Mr. Pickersgill: Mr. Chairman, I wonder if I may be permitted to say a word or two in reply to the last observations that were made in a spirit which is not the usual spirit of the hon. member for Kootenay West. I need not say I disagree completely with every word he said about the Sopron faculty. I find it very difficult to reconcile the utterly ungenerous attitude he took in this matter with his appeal to the minister for generosity to other refugees which immediately preceded it. I am going to say to the hon. gentleman what was said last summer by the hon. member for Assiniboia who sits beside him when this parliament voted $40 million for the grain farmers of western Canada. The hon. member for Assiniboia rose and said, "I hope nobody is going to say that this should not be done unless something is also done for the fishermen."

It seems to me the suggestion that we should not do something that is good in itself because something is not going to be done for somebody else is a very dubious argument. This parliament practically since the time of the Korean war has voted approximately $2 billion a year to the defence and security of the free world. Why? Because we believe there is a struggle going on in the world between those people and nations who believe in freedom and those that want to subjugate the whole world to a communist tyranny.

It so happened about two years ago that owing to certain events that took place in Hungary 200,000 and more people left that country and went to Austria. It is true that among them were a limited number who fled in the early stages because they had belonged to the communist secret police. There were a few bad eggs among those who came to Canada and when I spoke the other day I said that no one was more pleased than I was to see these bad eggs go back. But it seems to me that the hon. member for Kootenay West has completely ignored what the real situation was at the time the action we are now discussing was taken. These 200,000 Hungarians simply could not stay in Austria. The Austrian state with only 6 million people simply did not have the resources to look after them. Canada, in concert with most of the other countries of the free world, did its share to see that these people were accommodated elsewhere because most of us in this country at that time, I think, believed that if the free world was so bankrupt of statesmanship and wealth that it was going to allow these people to go back to Hungary and be deported to Siberia it would be just as serious as losing any other engagement in the cold war and perhaps more serious and demoralizing to all the people behind the iron curtain who long for freedom.

It happened that among the people who came to Austria from only 10 miles across the Austrian border and from an area that is forested and has been for years, from one of the oldest forestry schools in the western world, was the whole forestry faculty of Sopron university. I heard about this faculty when I was in Vienna. I went personally to see them. First, I got in touch with my colleague of those days, the minister of fisheries, Mr. Sinclair, who got in touch with the leading members of the forest industry in British Columbia and received assurances of a good deal of help for those people, particularly from the Powell River Company who did a magnificent job of receiving the forestry faculty and getting them started on life in Canada. Now, there was—I do not say an undertaking because there was not an undertaking—I have had this out with the faculty myself—a feeling that this faculty would remain intact and the students would be allowed to complete their studies. My view then, and my view today is that when we had the opportunity to get those young people already half trained professionally rather than just taking the run of the mine of the same number of Hungarian refugees, we were doing a good job for Canada and I still think so, and I believe that in the long run that is going to be demonstrated.

No doubt, like other students, there will be a few among them, a very few I think, who will not turn out to amount to very much but I believe that most of them are going to

be a great success and a great credit to Canada. I think myself that the people of British Columbia are very lucky to have got people already half trained on whom otherwise it might have had to spend thousands and thousands out of taxes for education.

The hon. gentleman talks about Canadian students who are not able to get back to the University of British Columbia because they were not able to get jobs last summer. We all regret cases of that sort. We know there have been some cases of that sort, but let us remember what the situation is for these students who, except for their own little community, have no family connections in Canada. They have no connections; they had no previous contacts here in Canada. At a time when we do have a recession, at a time when we do have unemployment, at a time when the hon. gentleman himself, in the earlier part of his speech, was complaining that immigrants were coming here and taking the jobs of Canadians, a proposition about which I could say something but I will refrain, it does seem to me that it would be a very short-sighted thing, even from the point of view that the hon. gentleman himself has in mind, if those students were suddenly deprived of the means of continuing their studies and were thrown on the labour market in the middle of the winter. It does not occur to me that anybody in British Columbia would benefit from that at this time.

No problem would ever have arisen, as I am sure the hon. gentleman would agree with me, if the conditions in the forest industry of British Columbia had remained in 1957 and 1958 what they were in 1955 and 1956. When the assurances were given to Mr. Sinclair, as they were, they were given on the assumption, which many people made, that the kind of buoyant condition of employment in the forest industries was going to continue. Unfortunately it did not continue and that caused the problem.

Most of the funds required for the support of those students are being provided by other means but the University of British Columbia has made what for a great rich country like Canada is a very modest request for a small amount of help out of the national treasury. I think myself that we would look pretty small not only in our own eyes but in the eyes of other countries, if we feel that because a few people here and there are going to criticize us we cannot behave like adults in the world and deal generously with this problem.

Mr. Badanai: Mr. Chairman, I also wish to join with those who have preceded me in complimenting the Minister of Citizenship and Immigration on her forward look on immigration. The hon. member for Cartier

[Mr. Pickersgill.]

referred to the speech which the minister made recently in the city of Montreal. The speech indicated that of the immigrants who were admitted to Canada during the past few years, relatively few are in the ranks of the unemployed.

I rather liked what the minister had to say regarding the often heard remark that immigrants are taking jobs away from the native born, which is an old prejudice. Besides being unreasonable it is absolutely unjustified. Therefore, I cannot agree completely with the hon. member for Kootenay West who made reference to immigrants displacing Canadian-born from their jobs. I heartily endorse the remarks made by the hon. member for Okanagan-Revelstoke with regard to the refugees in concentration camps in Europe at the present time. This fact proves conclusively the importance of adopting a realistic immigration policy based on the ability of the country to absorb immigrants.

Mr. Rhys M. Sale, president of the Ford Motor Company, made a speech recently in the city of Toronto from which I wish to quote a few paragraphs because I think it is very apt. He said:

"Canada should be able to absorb a half million people annually, from natural increase and from immigration, without the slightest pressure. True, we may have periods of economic adjustment when unemployment may become a temporary problem, but we should not allow that to have too much influence upon our immigration policies. We have abundant room for people, abundant resources to be developed. We have too much of everything to justify undue restriction of population growth."

Since 1945 Canada has received 1,800,000 immigrants and already more than a million of their children have been born on Canadian soil. "Ninety per cent not only emigrated from their homelands of their own free will, but came to Canada by choice," Mr. Sales said. "They could as easily have gone to other countries, such as Australia, which would have welcomed them with open arms. Instead they caught the image of Canada and decided this was the land of freedom and opportunity in which they preferred to make a future for themselves and their children. It should make us proud to have them with us."

Then, on February 24, 1959, Mr. W. A. McFaul, superintendent of the Department of Citizenship and Immigration, made a speech in Montreal from which I wish to quote a few paragraphs which are very revealing. Mr. McFaul said:

Of 124,800 immigrants to Canada last year only 18,600 were helped by the department in finding work on the open labour market.

The remaining 106,200 were dependants, sponsored workers and immigrants admitted for self-establishment, he said in addressing the Royal-mount Kiwanis club.

It was too little known that only a relatively small proportion of the total number of immigrants seek employment on the open labour market. Each year Canada was acquiring valuable skilled workers

and professional men whose education and training had cost Canada nothing and whose presence tended to offset the loss of trained Canadians through emigration. Mr. McFaul said in the past nine years immigrants had established in Canada a total of 2,358 small business enterprises by purchase at a cost of $27,602,500, and 84 by rental. Immigrants in 1958 alone bought farms in every province except Newfoundland.

Of course, all this sounds very good but what are we doing about it? Does the government have a realistic immigration policy? Notwithstanding all these encouraging statements, I have reason to believe that as far as European immigrants are concerned the doors are shut tight, with few exceptions, owing to the present unusual unemployment situation throughout the country aggravated by lay-offs as a result of the suspension of the activities of Avro. I do not advocate a wide open immigration policy but I do believe that persons sponsored by responsible citizens who are able bodied, of good character and in good health should not be barred from entering the country. I know of specific cases where applications of prospective young immigrants who were sponsored and guaranteed employment were not approved. I should like to ask the minister what the present policy of the government is with respect to such people.

I would also urge a more sympathetic approach by the government to Asiatic or coloured applicants for admission to Canada. People of Asiatic descent have made a substantial contribution to this country and I feel that if others of these races are allowed to enter they too will contribute to the growth and prosperity of Canada. If we are to develop the northwestern part of our country, about which we hear so much, then let us adopt a policy of settlement based not only on present but on future needs because if this country is going to take its place in the world—the pioneers of half a century ago predicted that the twentieth century would belong to Canada—then we should have such a policy.

I have the highest respect and admiration for the present minister because she is efficient and has undoubtedly conducted her department in such a manner as to gain for her not only the respect of the house but of Canadians everywhere, and if she will present a policy to parliament I am sure it will be approved unanimously. I want to wish her and her officials in the department every success because we are very much interested in their work. I am very much interested because in my own constituency we need immigrants of the right sort to settle on land which is entirely suitable for colonization and farming. The land is there waiting for somebody to come there and work it.

It is not my intention to speak at any length because a lot has been said and repeated and no doubt there will be more repetition, but I do not want to end with the thought that immigration is the No. 1 problem facing our country today, a problem which has to be settled in such a manner that the results will be to the advantage of our great country.

Mr. McCleave: Mr. Chairman, I intend to speak only briefly in what has been a very interesting and thoughtful debate. My purpose in rising is to echo as forcefully as I can the remarks of the hon. member for Okanagan-Revelstoke. I think there are perhaps two fundamental reasons why his suggestion, which has been endorsed by a great many members of the committee this afternoon, should be considered very seriously by the minister and her department and by the government. First, I am informed by some of the doctors in the house that facilities in the form of hospital space are available for the treatment of tubercular patients. I know that over the years Canada has prided itself on winning the war against tuberculosis. No doubt there are other diseases in the same category. The mere fact that we have been able to accomplish this victory against what was once a dread disease should give us all the more reason to assist these people from abroad who are in the unfortunate position of being victims of it.

The second reason why I support the remarks of the hon. member for Okanagan-Revelstoke is simply that since the war I believe a good number of thinking Canadians have developed what might be called a bad conscience about the immigration policy of this country. In certain countries abroad we have become known as healthy body snatchers. We have taken the best of the unfortunate victims of the war and the aftermath of war in Europe and we have left the infirm and the ill there to fend for themselves. I say that this has given rise to pricks of bad conscience in this country.

Certainly we should do whatever is possible to put Canada in the same position as some of the countries of northwestern Europe which have not only taken the well unto themselves and made them citizens but have also permitted the sick to come along with their families. I think this could be accomplished by the minister and the department by establishing some sort of policy. Admittedly it would have to take into account the medical facilities available in different parts of Canada and have regard to those provinces in which there are facilities for the treatment of tubercular cases. It would also have to

take into account the employment problem that is besetting us, but all in all I believe that the hon. member for Okanagan-Revelstoke and others who have supported his idea have made a sound and strong proposal and I hope that the minister will give it her best and most serious consideration, as I am sure she will.

(Translation):

Mr. Pigeon: Mr. Chairman, in my opinion immigration to this country should be allowed on the basis of the country's capacity to absorb newcomers. I am expressing my own personal views.

Under present circumstances, however, I feel it would be better to curtail immigration. This, as I see it, is the only sound approach to the matter.

At no time in the past was the former government willing to consider the country's interests, nor those of the immigrants, and Canada's gates were thrown wide open at a time when many Canadians had trouble finding jobs. As a result, Mr. Chairman, unemployment grew worse and, bitter discontent was felt among immigrants who, instead of improving their lot, had sometimes made it worse.

Need I mention, Mr. Chairman, that in the federal riding of Joliette-L'Assomption-Montcalm, and more particularly in St. Paul l'Ermite, some immigrants staged a hunger strike?

We should not bring in people who will be unable to find a job or will be taking jobs away from Canadians with families. Very often, immigration is a source of economic and social wealth for a country. However, it would be illogical to think of welcoming to Canada people seeking work when a great many Canadians are in a similar predicament.

Socialists, for instance, who are forever talking of "liberty", sometimes reply that we have no right to bar the way to people who want to settle in Canada. To my mind, this is wrong. Admission to Canada is to the foreigner a privilege and not a right. And this privilege should be granted only in cases where it is considered unlikely to affect the general interest of the Canadian nation. If a foreigner is free to leave his own country, a Canadian should also, and perhaps more particularly, be free to enjoy a decent standard of living here at home.

Mr. Chairman, most immigrants who have come over in recent years have become excellent citizens. Yet a number of them find it hard to make a living. Others have gone away dispirited and now indulge in anti-Canadian propaganda as false as it is detrimental. All that would not have happened if the former government had been alive to its responsibilities and had asked people to this country—

Mr. Habel: Would the hon. member allow me a question?

Mr. Pigeon: If the hon. member wishes to put a question to me, he can do so after I am through with my remarks.

Mr. Chairman, the unfortunate thing is that only a small proportion of immigrants settle in rural areas. In the past few years, immigrants have been entering Canada and settling mostly in the cities. Some 30 years ago, it was the opposite. The department states, for instance, that immigrants have been more inclined, in the past few years, to settle in highly industrialized centres, like Toronto, Montreal and Vancouver. Between 1920 and 1930, 41 per cent settled in the prairies provinces, 35 per cent in Ontario, 13 per cent in Quebec and 7 per cent in British Columbia. However, in the last seven years, only 10 per cent took up residence in the prairies, while the percentage of immigrants settling in Ontario rose to 53 per cent, and in Quebec, to 20 per cent.

Mr. Chairman, I very humbly leave these suggestions, which I am making in a personal capacity, to the consideration of the house.

Mr. Habel: Mr. Chairman, may I now be allowed to direct a question to the hon. member? Is he aware, when blaming the former administration, that on February 16, 1955, the present Minister of Justice (Mr. Fulton) introduced a motion of non-confidence accusing the government of not doing enough for immigration?

Mr. Pigeon: Mr. Chairman, my answer to my hon. friend is this. I believe that if it is intended that immigrants be allowed to enter the country, it should be done in accordance with government policy, and I feel that the policy followed by the former government in all circumstances has not been favourable to our fellow Canadians.

I mentioned a moment ago that in the federal constituency of Joliette-L'Assomption-Montcalm—and this was under the previous administration when the department was headed by the hon. member for Bonavista-Twillingate (Mr. Pickersgill)—a hunger strike was staged in St. Paul l'Ermite, and I say that such occurrences are detrimental to Canadian interests and gives Canada a bad name abroad. However, I am quite agreeable to having immigrants

come to this country as long as the country can absorb them, and I favour the principle that this government keep their number within the bounds of our absorption capacity.

(Text):

Mr. Kucherepa: Mr. Chairman, I rise to make my contribution to this debate. I do not intend to speak at any length. First of all, I should like to express my support for the remarks made in the house today by the hon. member for Okanagan-Revelstoke. I think the hon. member put forward an idea which is worthy of investigation and which has many positive features to it. He referred to those "lost souls" in the camps who are still left in Europe, primarily in Germany. A great many of these people would be worthwhile citizens of Canada if they could be rehabilitated because many of their relatives and friends are to be found in this country.

I was very happy to hear the remarks of the hon. member for Halifax because he referred to some of the things which I had contemplated mentioning. There is no question but that in the field of tuberculosis Canada has made great progress. We do have a great many experts in this field. We are happy to note that our conquest of this disease has reached a point which is a matter of pride for all Canadians. I believe we might well utilize these institutions, if at all possible, for the rehabilitation of some of these unfortunate people. We do make great contributions in many ways through other agencies toward humanitarian work. I might mention the Colombo plan as an example. This would be a further contribution which Canada might make in a field which is so close to the hearts of so many of the Canadian people.

There is one other point I should like to mention and that relates to the remarks made by the hon. member for Bonavista-Twillingate. I am very happy on this occasion to agree with the hon. member for Bonavista-Twillingate in the statements he made concerning the students who are today attending the University of British Columbia, and who came here as a faculty from Hungary during those fateful days when Hungary was attempting to obtain her freedom from communism. I think I should point out to those hon. members who may not agree with the hon. member for Bonavista-Twillingate that these people came to us in the prime of life. I presume that today most of them would be in their late twenties. We have never had to spend money on them for public school or high school education. There were no baby bonuses paid for them and some of their university educational costs were paid before they came here. Before very long these students will be making a real contribution in their professional capacity to the Canadian economy.

There may be criticism of the fact that we are giving them this extra help. However, when you consider the need for professional men in this country I think that can be justified. During the past few weeks we have heard about this problem in connection with the cancellation of the CF-105 and the possibility of losing some of our professional men in this field to other countries. Here is an opportunity for Canada to gain professional men in another specific field related to an industry which is of great importance to this country.

On the whole, I should like to say that I agree with most of the remarks which have been made by some hon. members today relative to the immigration problems which face us. I might mention that undoubtedly the great boom which has occurred in Ontario, the province from which I come, has been due in no small measure to the fact that we have had a larger number of immigrants come into this area. These immigrants have accounted, I believe, for a greater production of materials and undoubtedly this has been one of the major reasons that Ontario has enjoyed a tremendous expansion.

In conclusion I only wish to reiterate that I agree with the sentiments expressed by the hon. member for Okanagan-Revelstoke, the hon. member for Halifax and, in the case of the students at the University of British Columbia, with the hon. member for Bonavista-Twillingate. I believe that these several items can be considered primarily on humanitarian grounds. I am sure that as Canadians we are all anxious that Canada's record not only amongst Canadians but among those beyond the shores of this country should be clear in this regard. In the particular case of the Hungarian people I would say that the western world, feeling as it did and coming to the aid of the Hungarians during those trying days, can do no less than try to rehabilitate and assist in some tangible way some of those unfortunate people who were able to get away from communism. In this regard I am hoping that something further can be done to show our appreciation of those people and of what they represent, and in this way to show to other people, who may be looking at Canada and her attitude in international affairs, that we are a humanitarian people.

(Translation):

Mr. Rouleau: Mr. Chairman, it had not been my intention to take part in this afternoon's debate, but on listening to the remarks of the hon. member for Joliette-L'Assomption-Mont-

calm (Mr. Pigeon), I could not help as a Canadian citizen living in this great country, being shocked by his statements, especially when he blamed the former government for admitting to Canada people who today are our brothers, working hand in hand with us for a greater Canada.

I strongly object to the ideas put forward by the hon. member and to his criticism of the former government's policy.

The former administration had applied in this country an economic policy which would have guaranteed employment not only to native born Canadians, but also to those who came from Europe and elsewhere in the world to swell our ranks.

Mr. Chairman, when the Liberals were at the helm and I was sitting on the government side, I remember on many occasions when several Conservative members—who were then in the opposition and are now in the cabinet—rose in their places and rebuked the Liberal government for not letting enough new Canadians come into this country. Amongst those who thus passed censure on the Liberal government were the present right hon. Prime Minister (Mr. Diefenbaker), the Minister of Justice (Mr. Fulton) and the Minister of Citizenship and Immigration (Mrs. Fairclough)—

(Text):

Mrs. Fairclough: The hon. member is wrong. Never at any time did he hear me speak in that vein in this house.

(Translation):

Mr. Rouleau: I apologize, Mr. Chairman, for including in my list the name of the Minister of Citizenship and Immigration; but she will no doubt agree with me that the then members of the opposition did make speeches in this house casting blame on the Liberal government, which was administering the country at the time, for not letting in enough new Canadians.

On the other hand, Mr. Chairman, we are now being told by a Conservative member that immigration should be restricted, which in my opinion—

Mr. Pigeon: Mr. Chairman, the hon. member—

Mr. Rouleau: Is the hon. member rising on a point of order?

Mr. Pigeon: Would the hon. member allow me to ask him a question?

Mr. Rouleau: Mr. Chairman, I shall be pleased to reply to any question of the hon. member when I am finished with my remarks.

[Mr. Rouleau.]

Mr. Chairman, I object to an hon. member stating as was done this afternoon by the hon. member for Joliette-L'Assomption-Montcalm, that we should curtail immigration. In my opinion, ours is a vast and rich country, of immeasurable natural wealth, and I believe we have an obligation to share this wealth with other citizens of the world. Christian charity commands us to share this wealth lavished upon us by a bountiful Providence and personally I am convinced that by letting in citizens from other parts of the world, we are not making ourselves poorer but that on the contrary, we are adding to our riches.

Attempts have been made in certain quarters to suggest that people coming here from other parts of the world are taking jobs away from native-born Canadians. Mr. Chairman, I cannot concur in this view, because whenever a new citizen is admitted into this country, thus adding to our population he needs food and shelter and this, in my opinion, creates employment. This new fellow-citizen not only does not make us poorer, but adds to Canada's wealth. The more people there are in this fine and great country, the less it will cost to provide the people of Canada with the services they require.

In closing those few remarks, Mr. Chairman, I wish to pay tribute to those who have come from other countries to live among the people of Canada. We are greatly indebted to them and I am pleased to mention among them a man who immigrated to Canada and gave us our present Prime Minister. I am happy to note that the Prime Minister comes from an immigrant family to mention but that one case.

In business, in industry and other related fields, we find people who have come from other countries of the world to give us their support. We are proud to have them among us, and I hope that in the future, the government will continue to apply, with a sense of Christian charity, the policy whereby we open Canada's doors to citizens from other parts of the world for our country's enrichment.

(Text):

Mr. Speakman: I must agree heartily with the plea made by the hon. member for Okanagan-Revelstoke when he asked that consideration be given to the admission of the ill and disabled relatives of immigrants from countries in Asia and Europe. I should like to add a plea for a different class of relatives of immigrants in Canada. I refer

to the countless numbers of Chinese families who also are refugees from communism. They left the communist occupied areas of China and went into Hong Kong, which is a safe place for them to go, in the hope that their relatives in Canada eventually would be able to bring them out. I should like to plead for some relaxation by the minister's department in the regulations. Family records, marriage records and so on in communist China were completely destroyed. Homes were broken up. Some of these families have been in Hong Kong for a number of years waiting to be brought out by relatives in Canada.

The people who have come to Canada from China are thrifty, hard-working and industrious folk. They make good citizens. They have taken out their Canadian naturalization and all during their time in Canada they have been good citizens. I feel that we are being extremely harsh in denying admission to Canada to the families of these people who are now Canadian citizens. They are not any longer immigrants but have become Canadians in the best sense of the word. I should like to ask that the minister consider relaxation of her immigration regulations with reference to people who are now in Hong Kong and who are relatives of people who are in Canada and are Canadian citizens, so that these families can be reunited and so that the children, particularly the young ones, can have an opportunity to grow up in freedom in this country.

(Translation):

Mr. Denis: Mr. Chairman, it is unfortunate that the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) should have dared to open his mouth to hold forth on the record of the Liberal party with regard to immigration. I think he is rather young in politics and that he is not aware of the statements previously made by all the ministers belonging to his own party.

Mr. Pigeon: On a point or order, Mr. Chairman. I never said in this house that I was opposed to immigration, but that I favoured an immigration based on this country's capacity of absorption.

Mr. Rouleau: You said it should be restricted.

Mr. Pigeon: I said it was an asset for the Canadian nation, just an asset.

Mr. Denis: I shall change the form of my statement and say that under the former administration, the Liberals were bent on controlling immigration according to the needs of Canada which is the opposite of what is happening today and of what Conservative members at the time were doing when they introduced non-confidence motions because our immigration was not large enough to please their party, to which this young member for Joliette-L'Assomption-Montcalm also belongs.

I like to hear him talk, he has a good voice, I admire his genial manner, but I wish that, each time he opens his mouth—

Mr. Pigeon: Would the hon. member allow a question?

Mr. Denis: When I am finished with my remarks, you can ask me all the questions you want.

Mr. Pigeon: With pleasure.

Mr. Denis: I just want to mention that the Minister of Citizenship and Immigration (Mrs. Fairclough) stated in 1958 that immigration scarcely affected unemployment. If what the hon. member for Joliette-L'Assomption-Montcalm says is true, how is it that before we went out of office, 164,257 immigrants were admitted in 1956, and that, as soon as the Conservative party came into power, while the unemployment figure grew from day to day, we admitted in 1957, 282,164 unemployed immigrants?

Mr. Pigeon: At what time, in 1957, did the government take office?

Mr. Denis: The Conservative government was elected in June and had six months to stop immigration. Yet, neither the hon. member for Joliette-L'Assomption-Montcalm nor his friends did anything to stop immigration. The Minister of Justice (Mr. Fulton) had in any case asked that immigration be stepped up. And I must say that statement is a recent one. Besides, as the hon. member for Dollard (Mr. Rouleau) said very aptly: when immigrants were coming in from overseas we were prosperous. It is not so today.

I honestly believe that the hon. member for Joliette-L'Assomption-Montcalm is blind if he cannot see that unemployment figures have tripled since his party has been in power.

If, instead of making speeches intended to please his electors or to prepare his next election, so that it may be said that the hon. member for Joliette-L'Assomption-Montcalm is always up on his feet in the house to make speeches—

Mr. Pigeon: I do not remain seated as you have been doing for 25 years.

Mr. Denis: I can well understand that his speech might help his re-election. However, before opening his mouth, he should check his figures for accuracy, and not in the hit or

miss way he has been doing for the last several weeks. I think it would do him more good. When he addresses the house in this fashion, he hurts his party much more than he does ours.

To come back to more serious matters, I find it strange that, in view of the decline of immigration in the last few years, we should be asked to vote an additional $70,000 for administration when immigration has dropped to less than half the previous figure. I do not know whether the credit varies inversely with the amount of work to be done, but I should like the hon. minister to explain how departmental administration costs increased by $70,000, in view of the fact that in 1958, there were only 124,825 immigrants as compared to 282,000 the previous year. I realize that the hon. minister must have a very good explanation to give, and I would ask her to give it so as to satisfy the curiosity of her humble servant.

(Text):

The Deputy Chairman: Is the hon. member discussing item 48? We are on item 52; we have not yet come to item 48.

(Translation):

Mr. Pigeon: You are all wet, as usual.

Mr. Denis: In any event, the hon. minister will surely be able to reply to that question in due course.

Mr. Pigeon: The hon. member allowed me to address a question to him after his speech. Could he give me an explanation of the hunger strike that occurred at St. Paul l'Ermite under the Liberal administration?

An hon. Member: The hunger strike was put on by the immigrants themselves.

Mr. Denis: I was not the minister, and it was not my responsibility to settle the strike. However, there is a strike going on right now in Montreal and it is under the responsibility of the Minister of National Revenue (Mr. Nowlan). And it is not a matter of two or three persons being unemployed, but of thousands of people who are starving because of the present government's failure to act. There is more urgency in settling the present strike than in harking back to small local strikes in the constituency of Joliette-L'Assomption-Montcalm.

(Text):

Mr. Small: Mr. Chairman, I am sure the house is enjoying the calm and complacency of the debate going on in regard to immigration at the present time. It gives a little diversion and is amusing. But probably we should go back to the broad aspect of this immigration policy to which everyone seems to want to subscribe. I would like to say that the hon. member for Okanagan-Revelstoke started off on the right keynote by appealing for an improvement in existing conditions. In the same way, so did the hon. member for Halifax, the hon. member for High Park and the hon. member for Cartier. They all contributed to the debate in the light in which they believe the position to be. The hon. member for Kootenay West presented the case as he saw it, and I think he was perfectly justified in mentioning certain conditions. But I suggested that the policy of the department which has been carried out by the Minister of Citizenship and Immigration will meet with the approval of the house generally, and the policy she is pursuing is in thorough keeping with what has been asked of her.

I think it was suggested, if I remember rightly, that a movement was afoot by labour organizations in this country to restrict immigration. Repeatedly they have asked that there be a stop to, or a restriction placed on immigration in such times as are confronting us generally, and without getting into the controversy about who is right or wrong, I must say that that policy has been continued from the previous government. They found, notwithstanding the fact that our labour force in the country is more than it ever had been before, that when they encouraged immigration in such large numbers during the year the hon. member for St. Denis had reference to we were able to absorb them into our labour force. Nevertheless, we have inflation and unemployment, and we are trying to solve those problems. Everyone is convinced that this country cannot go on the way it is with our present population. The problem we are confronted with is that our cost of living is very high. We have one of the highest standards of living in the world, and therefore to a certain extent we have priced ourselves out of world markets. The only thing we can do is to make sure we have markets of our own by having a large population in Canada, whom we are able to look after and provide with employment.

On that broad basis I think the immigration policy of the department should be: We will take in as many as we possibly can. It is said that there was criticism offered of this department when we were in opposition. That is true; but if you examine the record you will find our plea was for more immigration, but on a broader basis. Some of us thought that there was not an equalized admission to this country of the different ethnic groups of the world. Personally, some of the observations which have been made could stand a little more discussion.

I am perfectly satisfied that the hon. member for Bonavista-Twillingate, the former minister of citizenship and immigration, did the best job he could while he held that portfolio. Of course, the hon. member has many shortcomings and qualities we do not like but we must give him his just due and I know that the milk of human kindness flows in his veins. My experience with him has generally been satisfactory. He was always willing to listen to the views of hon. members of the opposition and he gave them sympathetic consideration when he could. I have found him to be fair and we have gotten along together fairly well. I am sure that wherever possible his suggestions will similarly receive sympathetic consideration on the part of the present Minister of Citizenship and Immigration.

The hon. member spoke of the problems concerning the admittance of people from Hong Kong. We all know the difficulties involved in that question. I am convinced that the department will work out a solution that is to the best advantage of Canada without restricting unduly the right of these people to come to Canada. What the hon. gentleman said about the Chinese people who seek admittance is quite true. They are a most likeable people and are extremely law-abiding. They try to fit in well in this country. It may well be that they like to indulge in a harmless little game of fan-tan among themselves but I do not suppose that we in Canada can claim to set a perfect example because we too occasionally like to indulge in a game of chance and we should not be too critical of them. Nevertheless the matter of the admittance to Canada of people from this country is one requiring great discretion on the part of the department and I am sure the policies of the department at this time represent a logical continuation or sequence to what was done in this respect during the period when the hon. member for Bonavista-Twillingate held his portfolio.

I cannot resist commenting on the exchange of ideas that took place between the hon. member for Kootenay West and the hon. member for Bonavista-Twillingate with respect to the Sopron faculty and the fact that students in British Columbia and many other parts of Canada are unable to continue their university courses because of their being unable to obtain employment. On the face of it it appears as if there should be an adjustment there but it is always interesting to hear all sides of a story and I took pleasure in listening to the remarks of those two hon. gentlemen and the hon. member for High Park. The hon. member for Bonavista-Twillingate referred to the fact that last year the government introduced measures valued at $40 million to assist the farmers of western Canada and said that the hon. member for Assiniboia in talking to him privately at that time, expressed the hope that no one would suggest that the same should be done for the fishermen. This brought a thought to my mind and I checked back in the record to verify it. I remember that last year when the house had under consideration assistance to the maritime provinces of New Brunswick and Nova Scotia in terms of thermonuclear development the hon. member for Bonavista-Twillingate said the government should do something similar for Newfoundland. It occurs to me that there is a strong similarity between these two situations and that the hon. member for Bonavista-Twillingate drew an unfair comparison when he contrasted the attitude of the hon. member for Kootenay West today with the attitude held at that time by the hon. member for Assiniboia. When one places an argument before this committee one often fails to present the full picture and one may unwittingly tend to draw unfair comparisons.

Mr. Pickersgill: Mr. Chairman, I know the hon. member does not want to be unfair and I do not want to be controversial but may I state that in both those cases I did not oppose what the government was doing. I supported what the government was doing in both cases. The difference between me and the hon. member for Kootenay West is that he was opposing something I thought was good.

Mr. Bell (Saint John-Albert): You held them up.

Mr. Pickersgill: I did not hold them up. Nothing has been done about them yet.

Mr. Small: I will accept the explanation of the hon. member, Mr. Chairman, but I must comment that in the heat of debate one sometimes tends to make comparisons for one's own benefit. The attitude the member for Bonavista-Twillingate took is somewhat like that of small boys who say, "If you do not do for me what you are prepared to do for somebody else, I will pick up my marbles and go home." While the hon. member for Bonavista-Twillingate and others from the province of Newfoundland did not oppose what the government proposed with respect to New Brunswick and Nova Scotia they were most vocal in stating that the government should also have included Newfoundland.

Mr. Pickersgill: I will support that, too.

Mr. Small: I believe the same remarks could apply to the situation to which I made reference concerning the remarks of the hon. member for Kootenay West. What was said by the

hon. member for Kootenay West illustrates a problem with respect to immigration today. It has frequently been said that the triangular shaped area in Canada embracing Windsor to Quebec and north to North Bay contains approximately two-thirds of the population of this country. As immigrants continue to enter Canada either under a policy of sponsored or unsponsored immigration it will be the duty of the department to encourage those people to disperse across the nation rather than crowding into our more heavily populated area. There must be long range plans and consideration must be given to the distribution or dispersal of immigrants across the nation so that our relatively uninhabited areas may develop and industrial expansion take place in areas where it is needed and our natural resources may be constructively exploited to meet the needs of a growing economy and an increasing population. If this is done under a mature policy Canada will not have to rely too much on exports and eventually will become more self-sustaining. The north will be opened up, the population and industrialization of the western provinces will increase and consumption of our surplus commodities at home will be assured. We should avoid having our presently developed areas attempt to assimilate additional population through immigration.

I have raised this question because we have been welcoming many immigrants to this country. On the advice of labour leaders the government has restricted quotas of immigrants for the time being but we want as much immigration as we can intelligently handle and it may well be that an expanded program of immigration will take place in the future. We require immigration so our natural resources will be developed faster and many of the problems that now beset us because of under-population, including the problems of the railways, will be more rapidly resolved. On the other hand we are eager to preserve our freedom and our high standard of living and we must take no action through an open door policy of immigration that would jeopardize our liberties through allowing into the country people whose ideological concepts and ways of life are in direct conflict with the traditions and freedoms we cherish, enjoy and seek to preserve.

In the future when the shadow that hangs over our heads has passed away I am sure the government will adopt policies of immigration under which will accrue the greatest benefits to Canada.

Mr. Smith (Lincoln): Mr. Chairman, I should like at this time to speak for a few moments on sponsored immigration. I firmly believe that in order to maintain our economy and keep abreast of the pace of expansion it is necessary to have a steady flow of good immigrants to Canada. However, I am well aware that if we open the gates wide at the present time many people may come to Canada and find themselves facing difficulties in terms of securing employment and becoming established.

I have mentioned immigrants coming to this country being sponsored by their friends and relations here in Canada. When I speak on their behalf I speak for a large group of Canadians, especially new Canadians, who are trying desperately at the present time to bring to Canada from different parts of Europe their friends and relations who are living under troubled conditions. I know that at the present time practically all the immigrants who are coming here are coming under sponsorship. I should like to make some suggestions to the minister and I make them in a friendly way. Sometimes I have disagreed with decisions which the minister has made, and she might feel that I am a little hard. However, that part of Canada known as the Niagara peninsula, which I represent, is a fine place in which to live and there are a great many people from different parts of Europe who wish to come to live there. There are some countries in Europe from which it is easier to get to Canada than from others. They are allowed to bring mothers, fathers, wives, husbands, brothers and sisters. From some countries they are allowed to bring nieces and nephews and from others they are allowed to bring fiancees and also brides and husbands, but for some other countries the restrictions are very tough. I think the regulation should be the same for all countries. May I give an instance?

I have a letter here which I received from the department in connection with a family that is trying to get here from Poland. We were making very good progress. They had been approved as far as the local offices here were concerned and we were expecting to get word any day that they were on their way. However, I am informed today that the family here has been advised that the group they were sponsoring from Poland, which consisted of a father, mother and two daughters, were in this position. It had been discovered that one of the daughters is 20 years of age and therefore she is barred from coming to Canada. I think this is very unfortunate; it is a situation which should be corrected because how can a family come from Poland and leave a daughter 20 years of age who is really a juvenile in law?

I should like to make this point at this time. Our regulations require some changes

so that a family of that kind would all be allowed to come here rather than debar one because she is 20 years of age? I could recite a good many cases that have come to my attention, cases that I have worked on but they are all more or less the same. In so far as some countries are concerned, as soon as a child or any person gets over a certain age he cannot come here. I could refer to another case which is similar. A girl is 21, and of course she is completely debarred from coming here to a good home and an opportunity for a real education and a chance to make good in this country.

There is also the question of fiancees. I think this is a matter to which we should give some consideration. I might say that I was involved in a case not so long ago where I found it was permissible for sisters to come to this country but not fiancees. This particular person arrived here as a sister but she was actually affianced. I thought that when she was here that would be the end of it, that we could write it off; but unfortunately we ran into a problem with the monsignor of the catholic church who said, "It is fine, the girl gets in here but you know we cannot marry brothers and sisters so you will have to do something about it." I should just like to say to the minister that everything turned out all right. The girl got married and they disappeared, and I burned my file with as much glee as a Presbyterian minister when he burns the mortgage on the church when the debt is paid.

I am not going to make a long speech on this, Mr. Chairman, but I should like to make a special appeal for sponsored immigrants. I suggest that the regulations be broadened in such a way that not only close relations but those who are probably just on the fringe could come here. After all, when most people come here they come under sponsorship and the party who is bringing them out undertakes to see that they become established in this country and to look after them until such time as they are able to become settled and make way for themselves. I do not see why we should not open up that type of immigration and bring more people of that kind to this country.

I might also make some remarks about Chinese people who are British subjects from Hong Kong. I know this is a matter which is controversial but nevertheless it has been my pleasure to know people of this kind who have landed in this country for one reason or another and then find that they have to be deported. It is very unfortunate that they should be deported, especially at the present time when the regulations permit them to make their application in Canada rather than go back home again and try from there.

There is also the question of the Chinese people who came to Canada in years gone by, made good and have quite a stake in the country. They wish to bring their children to this country. There again they are up against the problem that if the children are over 21 years of age they cannot come here. Hong Kong is at least a part of the British commonwealth of nations. We should give some consideration to special cases of that kind. I do not say that we should open up the gates and allow a great many Chinese people to come here; I am against that but in certain cases we should perhaps do better than we are doing at the present time.

This is about all I have to say at the present time, Mr. Chairman.

Mr. Fisher: Mr. Chairman, I discovered last year that if one wanted to get a full answer to questions from the Department of Citizenship and Immigration one had to pose his questions early and the minister would pick them up. I would like her to report later on what the situation is at the present time in the two countries of Italy and Poland in so far as people coming out here are concerned. I know that the difficulty in Poland is largely one of making arrangements with the present Polish government to expedite the movement of people who are eligible to come here to join relatives but who have blocks thrown in their way by the government of Poland. I should like to have a report on how that is coming along and whether there is any noticeable improvement.

I gather that the problem in Italy, and it has been brought up several times, is the fact of only having one centre, that at Rome, and because so many people are eligible to come here the facilities in Rome are not able to process them with any speed. I should like to know from the minister what the backlog is now, whether it has been reduced recently and whether there is any intention to increase the staff in Italy in order to move more of these people out here who have been proven eligible to come.

There is one other point in connection with immigration from Italy which I should like to bring to the minister's attention, and I have done so before in another form. I refer to the kind of assessment that is made of prospective emigrants to Canada in so far as their political background is concerned. I have talked recently to two Canadian businessmen of Italian origin who have been over there. They say that in some parts of Italy, especially in the south, there is a tendency

for anyone who has opened his mouth at all at any time in the last 15 or 20 years to be labelled as a communist. These men both told me that they felt the department should take a very close look at any adverse reports that may come out of southern Italy with respect to the political complexion of people because so often people who really have no link or tie with the communist party are labelled in that manner.

Furthermore, many people who have taken part in political activity within the ranks of the social democrats are labelled as communists by the parish priest and other officials who make reports to the Canadian immigration department. I agree with the hon. member for Danforth who made the point that we need close screening in order to keep out people with radical or left wing persuasions of the communist kind, but from at least two cases I have encountered in my constituency I certainly have the feeling that people are being prevented from coming here because of political activities or sympathies that have been assumed to be communist when in fact they are really not that at all.

There is one other matter I have taken up with the minister and about which we have had certain discussions. I refer to the minister and her officials being placed almost in the role of Dorothy Dixes or intermediaries in lovelorn affairs.

Mrs. Fairclough: I thought you were the specialist in that.

Mr. Fisher: I think everyone tends to think that they are. The minister knows the cases of which I speak. It does seem to me that it is time the department tried to work out some crisper form of regulation with respect to people coming to Canada to get married because the minister will be aware of a couple of cases where true love seems to have faded as soon as the arrival of the affianced in the particular community took place. I understand there has been a tendency for this kind of thing to become a racket in some ways. There is really no love or romance at all in some of these arrangements. I know that in Europe it is often argued that this kind of arrangement makes for a much more solid base for marriage, but on the other hand we have these people coming out here to Canada supposedly intending to go through a marriage ceremony and very often the marriages do not take place. I think it would be very interesting if the minister could give us some statistical information on what happens in these cases. I do not want to give publicly the details of two cases that I am aware of because we are still in hopes that something may be done about them.

Mr. Pickersgill: Are you Cupid?

Mr. Fisher: But it is very awkward when someone in Canada spends money and goes to a great deal of effort to bring out a potential husband or wife and then discovers when they get here that true love really was not the impetus at all. It was simply a chance to partake generally of the Canadian scene. I hope the department will look into this matter.

There is one final point I wish to make with regard to immigration. It has to do with the particular ethnic group that happens to be the largest in our region, people who have come from Finland. One point that has been brought to my attention by people in the Finnish community with respect to immigration from Finland is that its character has changed to quite an extent. Anyone who drives round the lakehead region will realize that a great deal of the backbone of the whole community, so far as farming and bush work are concerned, is provided by people of Finnish stock. That is as it should be when one recognizes that Finland is an area about the same size as my constituency with roughly the same climate, the same amount of arable soil but with a population of approximately seven million whereas the constituency has a population of 90,000.

The Finns are experts at logging and a combination of bush farming and logging in their own country which makes them ideal immigrants for our part of the country and for the whole boreal forest band. But what has been noticeable about recent Finnish immigration is that so many of the people are from the cities. Because these people are such a premium to our area I wonder if a really strong effort could not be made when immigration does broaden to go after the people in the Finnish country districts in order to get more of them out here. We know that the majority of them will tend to come to our part of the country because the Finnish community has a solidarity based upon its own cultural institutions and its own newspaper that makes Port Arthur a magnet much more than any other community in North America for people from Finland.

The whole lakehead area is aware of how much this kind of immigration has meant to the region. We believe that we have land for agricultural development which would really benefit from this type of immigrant. From conversations I have had with a number of people in the Finnish Lutheran Church I know that they would welcome the opportunity to co-operate by making contacts in the rural districts of Finland in

order to get more of the kind of people over here who can step right into our woods areas and who will have the background and the experience that no other type of immigrant from Europe really has, with the possible exception of some from Norway.

In the boreal forest area we have a very peculiar kind of farming and logging problem that is only paralleled in Finland and Russia. We do not expect to get any immigrants from Russia and we have had these people of a very high standard from Finland who have meant so much to our country. I would ask the minister to take under active consideration the matter of going into the rural districts of Finland so that we can get more of that type of person over here. As a corollary to these remarks may I say I do not want to give the impression that I think the people from the cities of Finland are not worth-while immigrants, but in terms of usefulness and being a real boon to the area they have no advantages over people from any other part of the world while the people from the rural areas of Finland certainly have.

In conclusion, I should like to say that I hope the minister will be some time in this particular portfolio. I, for one, have found her very agreeable in so far as immigration and citizenship problems are concerned. I hope she manages, in the next few years, to make a real mark of the best kind in this particular role she has before she is called away to what I imagine will be the higher responsibilities that her general abilities, I am sure, will warrant.

Mr. Crestohl: I should like to make one or two additional observations, if I may. I am sure the discussions this afternoon on these estimates, in the presence of the minister and her senior officials, are very helpful in enabling them to observe how the whole house, with very few exceptions, has seized upon what I should like to call the new *obiter dictum* from the Prime Minister with respect to immigration. The house has seized upon his words to the effect that Canada must have new population from immigration if it wants to hold and develop its resources. Practically the whole house has seized also on the Prime Minister's warning to Canada that we must either populate or perish.

Now, Mr. Chairman, I hope too that the house and the departmental officials, as well as the minister, may accept two other warnings that the Prime Minister gave. I am now quoting from the Montreal *Gazette* of April 27, 1957, which states:

> The Conservatives, he continued, will end the arbitrary and unjust interpretation of immigration regulations—

He also said with equal strength in a statement appearing in the *Globe and Mail* on April 27, 1957, and I quote from that article:

> He—

That is the Prime Minister.

> —pledged a more vigorous immigration policy would step up the flow of skilled immigrants, end the "bureaucratic" interpretation of the immigration act, and ensure that humanitarianism would be considered more often in handling immigration applications.

I quote these two admonitions or what I might call promises from the Prime Minister because they go hand in hand with this plea for increased immigration. That is why I emphasize them at the present time, so the minister and her officials will also be aware —I am sure they are already aware—of the Prime Minister's desire that these immigration regulations be not interpreted so restrictively, so harshly and right to the letter of the law, but that a more generous interpretation of these regulations be made. In that way, I am sure that the house will give effect to the Prime Minister's desire that we have an immigration policy that is expansive rather than restrictive, as he advocated in his speech on April 27, 1957.

Mr. Pickersgill: I just want to make a couple of brief observations before the hon. lady speaks, as I hope she is going to do. I should like to echo what was said by the hon. member for Okanagan-Revelstoke at the beginning of the debate. I have in my hand a copy of an article by Mr. Stanley Burke, who is a correspondent I think for all Southam papers but this appeared in the *Citizen* of February 13. I am not going to inflict it on the hon. lady or on the committee because I daresay the hon. lady has at least read it. The article is along the lines of what was said by the hon. member for Okanagan-Revelstoke.

I think we should make an effort as Canadians to take some part in this refugee year, and try to do a reasonable and proportionate share to draw to a conclusion this refugee problem once and for all in the hope we are not going to face the kind of world in which new refugee problems will be created, though that might well be. There is one real difficulty about this which the minister knows as well as I do, and that is once one year has passed, according to present practice and present policy—at least, it certainly was the policy when we were in office—any responsibility for relief or assistance or anything of that sort ceases to be a federal responsibility and becomes a provincial responsibility. In view of that situation we took the view, when we were in office, and so far as I know the hon. lady still does, that we should not bring

people into a province who were suffering from some kind of disability, temporary or permanent, unless the provincial authorities agreed and unless reasonable provision was made for treatment.

I do not believe, having regard to our federal constitution, that it is very reasonable for a government to take any other attitude than that. It is not right for us to deliberately create problems for the provincial governments. I know that I did have some difficulties, particularly in the case of the hon. lady's own province, and I hope that may be changed. I noticed, perhaps it is the shadow of events to come, that in that province they have now set up a citizenship branch in their own government. I must say I am from Missouri about this and I will have to be shown that there is a more humane attitude than there was when I was in office. Perhaps the hon. lady has more influence with Queen's Park than I had. There is where at least half of these cases arise, and I think if we are to do anything effective about relatives, particularly elderly relatives—there are a great many of them—of residents of Canada who want to come here, not to go into the labour market but merely to live in their old age with their families and who, because they had a spot on their lung or something of that sort, are denied admission, it might be useful if the hon. lady could get an agreement with the provinces. I do not think we necessarily have to have agreements with all of them because in some provinces there are practically no cases. Perhaps some sort of policy could be worked out in this refugee year. I do not think we should take all of them, but we could do a reasonable share in this field.

Mrs. Fairclough: Mr. Chairman, I am sure the committee will agree with me that the discussion we have had this afternoon has been most interesting. If anyone needed proof of the diverse problems which confront this department, I am sure that has been furnished in the remarks of the members today. I shall attempt to answer a few of the questions that have been put to me. I hope that if there are any specific questions to which hon. members would like answers, and which I inadvertently overlook, they will tell me.

There are two or three things I should like to say, and one of them is in reply to the hon. member for Cartier and his last plea for a humanitarian approach to this problem. It has been my aim ever since taking the responsibility for this department to administer the affairs of the department in a humanitarian way. Of course, there are cases where the decision is not only difficult but possibly unfortunate. I can well understand that hon. members who present cases that they feel are very strong cases must be disappointed if the decision which is made is an adverse one. However, that is one of the responsibilities of this office and one which I cannot shirk.

A number of pleas have been made for co-operation in this international refugee year. This is, of course, a problem which will have to be solved by this department in conjunction with other departments of government, notably the Department of External Affairs. This is a problem which we are looking into at the present time. However, I should like to point out to members of the committee that while this hard-core problem is there and has been there for some time, it presents a peculiar problem, as has been mentioned by several hon. members, and just a few minutes ago by the hon. member for Bonavista-Twillingate.

This matter of bringing people into this country to go immediately into hospitals must be cleared, I think, with the provincial authorities. I am sure that all members interested know that in various sections of the country local committees are being set up to explore the possibility of co-operation in this matter. Before long I think we shall probably have the type of co-operation we need. Just how far we can go along that road remains to be seen. We have nothing to be ashamed of in the matter of our reception of refugees over the years. If my memory serves me correctly, I think that since the war years something like 180,000 refugees have been taken into this country.

Mr. Pickersgill: More than that, I think.

Mrs. Fairclough: My official tells me that officially the figure is 180,000. Then, of course, there were many who were not classed as refugees who came in in the regular way. Of those we have no count.

Mr. Pickersgill: That figure of 180,000 does not include Hungarians, does it?

Mrs. Fairclough: No.

Mr. Pickersgill: So the figure is really about 220,000?

Mrs. Fairclough: Yes. We had some 38,000 Hungarians. With respect to the matter of health, I might say also that of those 38,000 Hungarians who came in it is estimated by the Department of National Health and Welfare that some 900 went into hospitals. We have therefore made a considerable contribution to the solution of the refugee problem. In addition to that, I might say that cash contributions I think including this year will total over $1 million. That is another contribution that has been made by Canadians to the solution of this problem. We should like

to co-operate in this international refugee year. It comes, of course, right on the heels of the assistance which we gave to the Hungarians, a matter which was discussed in this chamber this afternoon. As I said, we shall have to wait and see what develops out of the various offers of co-operation which will be forthcoming from Canadians generally. I should like to make just one comment with regard to the oft-repeated criticism of the size of immigration last year or of the number of immigrants who came into this country last year as compared with 1958.

Mr. Pickersgill: Does the hon. lady not mean 1957?

Mrs. Fairclough: I mean 1957. I am sure that hon. members of this committee, when they seriously look at these figures, will realize that this is no fair comparison at all. The year 1957 was the most unusual year in the history of Canada since about 1913. As a matter of fact, the average for the last ten years, if you exclude 1957, was 153,000. Even in taking that average, you include the other bumper year of 1951 when the refugee camps in Europe were cleaned out. I therefore do not think it is reasonable to take the figure of 282,000 as a normal figure. As a matter of fact, if you take out the bumper year of 1951 and that of 1957 you have an average of some 132,000 over the last ten years, a figure which is not too far removed from the nearly 125,000 which came in last year.

In reply to the hon. member for Fort William who quoted Mr. Rhys Sale with regard to the five per cent increase, I should like to say that if he will consult the *Canada Year Book* he will find out that it is just about the increase that we have had in population over the past few years. It averages out to just about that figure, namely 500,000 per year, including both natural increase and immigration.

There are a couple of specific questions, Mr. Chairman—

Mr. Badanai: Will the minister permit me to ask a question?

Mrs. Fairclough: Yes.

Mr. Badanai: It concerns sponsored applicants. What is the attitude of the government now with regard to young fellows who are single and who have been assured employment on their arrival here? I know of cases where their applications have been turned down.

Mrs. Fairclough: I am afraid, Mr. Chairman, that I do not understand what the hon. member is talking about.

Mr. Badanai: I am referring to applications from young immigrants of say 20 years of age or 30 years of age who are single, who wish to come out here from Italy, who have made applications; and whose applications were supported by sponsors here in Canada guaranteeing employment.

Mrs. Fairclough: Of course the situation in Italy is probably different from that in any other country because of the terrific backlog there. I will answer the hon. member's question in the course of my remarks on this subject because it all ties in with remarks made in this chamber by various members.

It is true that during this last year immigration from the United Kingdom fell from the first place. I do not think that was so much a matter of design as of accident. It is notable that the people from the United Kingdom, once they are in this country, do not resort to the sponsoring of relatives in the same way as do immigrants from other countries. Italy is the one country which in great volume sponsors relatives. It seems that immigrants from Italy, immediately they come to this land and are here for the required length of time, want to bring out their brothers, sisters and other relatives. That has been mainly the reason for the huge backlog which has built up in Italy. I may say that it is a backlog which causes us a great deal of concern. If a person applies to come to this country and, as my hon. friend says, is an able bodied young man and should find a future here, it is most unfortunate that he should be obliged to wait a great length of time before being considered because there are so many ahead of him.

Someone asked me this afternoon—and without reference to my notes I cannot recall who it was—what the backlog actually was now.

Mr. Pickersgill: It was the hon. member for Port Arthur.

Mrs. Fairclough: I think I am correct in saying that the total backlog in Italy now is some 63,000. Last year it was about 60,000. Two years prior to that it was about 47,000. Despite that fact, the number of Italians who are coming into the country is growing each year. So, Mr. Chairman, you can visualize the problem which presents itself to this department. We are trying extremely hard to solve that problem as well as many others which have presented themselves to us. If that figure is wrong, I will get the correct one in just a moment. In round figures, that figure of 63,000 is correct.

I should like to answer a few of the questions that were put to me by the hon. member for Bonavista-Twillingate when he spoke

the other day. With regard to the establishment of judicial or quasi-judicial boards to look into the procedure for persons who are refused visas in sponsored cases and in other cases also, this is a matter that is still under view, I am sorry to say. The hon. member knows as well as I do what a difficult problem it is to solve. We do not want to make any mistakes and it is still being considered. I have not got the solution yet but I do hope to have it.

There was some question about immigration from Poland. I think the house should be informed that from 1953 to 1958 yearly the numbers coming in from Poland ranged from 2,400 to 3,300. They have gone up and down. In 1958 the number was 3,171; the year before that, 3,096. We do our best, and are doing our best, to reunite families. The hon. member for Cartier asked me if there had been any loosening up of the attitude of the Polish authorities. There has been to some slight extent. The situation is not what we might hope, but nevertheless some of these people are coming in all the time. Here again, many of those who come in are refugees; people who have probably got out of Poland and are in one of the surrounding countries. The figures I have given are people of Polish origin who have come out in these last few years.

As regards immigration from Poland itself, while it started off five years ago at 45, last year it reached the total of 2,292, which will give hon. members some conception of the manner in which the restriction imposed by the Polish authorities have been eased. As a matter of fact, that figure compares with the figure of 690 in 1957. In other words, three times as many came out in 1958 than in 1957. I thought that might be a reassuring piece of information for the hon. member. It is a problem which we are considering all the time.

I would also like to say a word with reference to immigration from the West Indies. Here again we have a problem which has changed somewhat in complexion by reason of the recent emergence of the West Indies as an independent nation within the commonwealth. I feel that rather than deal with local governments in the various islands we must deal with the federal government. Here again, numbers are increasing every year, and from the number of 849 who came in in 1954 we have increased to 1,192 last year.

I would like to say just one word with reference to what has been called a colour bar. This is a phrase or description which is thrown around, it seems to me, rather loosely by many people, some of whom are very well-informed people. But for the consideration of this committee I would like to put to them this problem. True, the West Indies are members, like many other countries, of the commonwealth of nations, but what mainly keeps out these people is the fact that they have not the skill or the financial resources to maintain themselves in this country for long enough to settle in. This is a serious problem as I am sure all hon. members will recognize. A person without resources and with no particular skills coming from the United Kingdom under those circumstances would scarcely be admitted to Canada. Now, you cannot say that there is a colour distinction there, because exactly the same situation prevails.

We have tried to overcome that, and I know that the former minister, the hon. member for Bonavista-Twillingate, had negotiations in this regard. We have tried to take a step in the right direction by including a class of person who could step into immediate employment in Canada. We are still reviewing the situation, and I hope that before too long it will be possible for us to have conferences with the authorities in the West Indies and that we will be able to come up with a solution to what has been a great problem. I might say that when these people are available to us and they have special skills they are not kept out. A great number have come in in the past few years, and a number of cases have crossed my desk where persons with skills and education who could be readily absorbed into Canadian life have been permitted to come into the country.

I do not know, Mr. Chairman, whether I have touched on all of the questions.

Mr. Pickersgill: I did ask the hon. lady about the backlog in Hong Kong.

Mrs. Fairclough: In December 1957 the backlog was 1,195.

Mr. Pickersgill: How would that compare with the earlier year?

Mrs. Fairclough: The year 1957 I have just given you, 1,195. In December 1958 it was 286.

Mr. Pickersgill: That is a very marked improvement.

Mrs. Fairclough: Yes, I think this is a great improvement and I am pleased with it. I should say with regard to this 286 that this group is now being considered, of course; but I think we have made great strides in clearing up what was rather a deplorable situation. I think the other questions which were asked, Mr. Chairman, I have answered in a general way. I draw the attention of hon. members to the fact that

we will have another opportunity to review the situation when we get to the departmental administration vote.

I should comment briefly on the problems of the hon. member for Port Arthur, who certainly has had his share of difficulties, and I think if anyone in this house deserves the appellation of Dorothy Dix he does. But I must agree with him that this matter of bringing in fiancees, in many cases persons who have never been seen by the applicant, presents another one of the very grave problems of the department.

Mr. Pickersgill: One question I would like to ask the hon. lady. She knows this is a question of honour and I am sure she is ready with the answer. When I was minister I was accused of the most heinous inhumanity because I said we would only review Chinese cases once after there had been a refusal. I did this for the very good reason that I felt we should not keep on shuffling over the old straw but should get on and deal with the new cases. Could the hon. lady tell me if she still follows that policy, or does she follow a different one?

Mrs. Fairclough: Mr. Chairman, the other day the hon. member for Bonavista-Twillingate accused me of being far tougher in this department than he ever was, but I think I am now vindicated because I can tell him that some of these cases I have reviewed several times. However, I am glad he has given me that lead; maybe now I can also review them once and put the lid on them.

Mr. Pickersgill: I think that would be very wise.

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

SUPPLY

The house in committee of supply, Mr. Sevigny in the chair.

Immigration branch—

53. Field and inspectional service, Canada, including $13,000 for grants to immigrant welfare organizations, $6,899,092.

Mr. Pickersgill: Mr. Chairman, I should like to ask the hon. lady whether the increase represents anything more than simply higher salaries?

Mrs. Fairclough: No, Mr. Chairman. As a matter of fact there were decreases in several of the divisions.

Mr. Pickersgill: I was referring just to the field and inspectional service.

Mrs. Fairclough: The increase in salaries is $84,360 and there have been some decreases to account for the difference.

Item agreed to.

54. Field and inspectional service, abroad, $2,261,296.

Mr. Pickersgill: Mr. Chairman, has there been any change in any of the offices abroad since we last considered the estimates?

Mrs. Fairclough: Does the hon. member mean in the number of offices or the location?

Mr. Pickersgill: The location.

Mrs. Fairclough: No, no change.

Item agreed to.

55. Trans-oceanic and inland transportation and other assistance for immigrants and settlers, subject to the approval of treasury board, including care en route and while awaiting employment; and payments to the provinces pursuant to agreements entered into, with the approval of the governor in council, in respect of expenses incurred by the provinces for indigent immigrants, $3,100,000.

Mr. Pickersgill: Mr. Chairman, I have one or two brief observations I would like to make with respect to this item. When we last considered the estimates which was about six months ago I asked the hon. lady if a settlement had yet been made with the government of Ontario about the expenses it had gone to with respect to Hungarians which they were seeking to recover from us. I have not checked the record and I may be wrong but my recollection is that at that time the hon. lady said a settlement had practically been reached but had not yet been concluded. I wonder, if a settlement has now been reached, what the basis of it was and what we have paid to Ontario?

Mrs. Fairclough: A settlement was reached on exactly the same basis as the settlement with Saskatchewan. I do not have the figures here but I could get them.

Mr. Pickersgill: I am not particularly interested so long as I have an assurance that no rent was paid for any real estate. That was one of the big points in dispute. The Ontario government had rented certain real estate on a rather large scale and having made this magnificent gesture that government was trying to get the federal taxpayer to pay for it. I was determined that they were not going to get away with it and I am glad the hon. lady has been equally strong in her resistance.

Mrs. Fairclough: Mr. Chairman, I can assure the hon. member that there was no rental paid.

Mr. Pickersgill: I am relieved indeed to hear that.

Item agreed to.

Mr. Pickersgill: Mr. Chairman, it was understood that when item No. 55 was completed we were going to go back to item No. 49.

Citizenship—

49. Citizenship registration branch, $477,571.

Mr. Pickersgill: Mr. Chairman, I wish to make some rather extended observations on this item. Before I begin I should like to ask the hon. lady if it is agreeable to her if we have a general debate on both citizenship branches under this item or if she would like me to confine myself strictly to the citizenship registration branch? I might suggest I think it would be better if we did have a general debate on citizenship generally and if we agreed to have it on this first item then when we come to the item on the Canadian citizenship branch we could just ask questions.

Mrs. Fairclough: That is quite agreeable to me, Mr. Chairman.

Mr. Pickersgill: On that basis, again, I should like to deal with three separate but closely related topics. The first is the question of the citizenship act. I hasten to assure you, Mr. Chairman, that I do not intend to debate the bill that is now on the order paper and I do not intend to enter into detailed arguments about that bill, but I do believe the day-long debate we had on that bill which may never come up again illustrated two things. The first was there are more defects in the act than I had thought when I introduced that bill. I must confess I was convinced by some of the arguments advanced by the hon. member for Marquette that there were more inequities in the act than the hon. lady told us there were last summer when the other bill was before us.

I am unrepentant in my view that we should do, in fact, in this parliament what the present Minister of Justice said we should do as reported in the Winnipeg *Tribune* of October 9, 1957. I draw your attention to the fact that this statement was made by the hon. gentleman a few days before the opening of the first and only session of the parliament before this parliament. The Minister of Justice is reported by Mr. Alan Rogers as having made certain statements about what the objectives of the new government were in respect to citizenship. I feel that this should be put on the record so there will be no doubt about what was the original position taken by the present government in this matter. The article reads:

> The new Conservative government will soon bring the rights of "naturalized" Canadians into line with those of "natural-born" citizens.
>
> Chief aim of the government is to eliminate the feeling among new Canadians that "naturalized" citizenship is insecure—a feeling prompted by clauses of the Canadian Citizenship Act which appear to discriminate against the newcomer.

Omitting several paragraphs I proceed to a part of the article which more or less directly quotes the present Minister of Justice:

> Acting citizenship and immigration minister Davie Fulton said Tuesday he was impressed with the argument that the present act discriminates against the naturalized citizen.
>
> He said the government should not give up the right to deprive a naturalized Canadian of his citizenship if it were proved that citizenship was orginally granted on the basis of false declarations by the applicant.

There has never been any quarrel about that on either side of the house. I believe the the method I suggested for doing this is rather more satisfactory than the method followed under the present law; that is to say, we should make it clear that a person who gets a citizenship certificate by fraud in fact never was a citizen at all; but that is a detailed point. This is a sentence I particularly wished to draw to the attention of the hon. lady and members of the committee. These are the words of the acting minister of citizenship and immigration of that day:

> But in other respects, "There should be no difference between the rights of naturalized and natural-born citizens."

That was a statement of government policy made by the hon. gentleman a few days before parliament opened. I continue:

> Mr. Fulton said he was studying the Citizenship Act, but it isn't expected that any changes will be made at the imminent fall session of parliament.
>
> Amendments to the act likely will come when the commons meets again early in the new year.

In the time between that statement and the date the bill was introduced by the hon. lady last summer the government had a change of mind and it did leave certain discriminations in the act. As I say, I am not going to take the time of the committee now by discussing the details of those things but I am going to make a suggestion to the hon. lady and through her to the government. I suggest that the government look over the citizenship act in the light of the debate the other day, in the light of certain comments that have been made to me and also in the light of the interesting contribution made by the hon. member for Winnipeg North Centre who pointed out that there were certain disabilities under which natural-born citizens of Canada not born in Canada also suffered. That is a concept that is not easy for the average person to understand, but there are such people.

I do think it would be a very good thing, and a good thing for another reason. It has come to my notice even since I ceased to be minister, and it came to my notice a good many times before, that every so often cases do arise, some of them very embarrassing. Without citing any names, I am going to cite one or two that have recently come to my notice. One that came to my notice the hon. lady knows about and I am not blaming her because there is nothing she can do about it any more than anyone else can, except parliament itself. But a child was brought to Canada in infancy, in fact before he was a year old, from Indiana and lived here, in fact was adopted by Canadians. He lived in Montreal all his life to the age of 23 or 24, when he found to his great embarrassment that he had never been landed as an immigrant. Therefore, he could not become a citizen for another five years. This is just an absurdity, of course, but it is the law and there is nothing whatever that the minister, the governor in council, or anybody else except parliament can do about a case like that.

It came to my attention the other day that a ship's deserter—I am sorry the Prime Minister and the Minister of Justice who have such tender hearts for ships' deserters, or at any rate did have for one ship's deserter a year or two ago are not in the house at the moment—deserted his ship some 20 or 25 years ago. He has never been landed but has lived as a perfectly good resident of his community. He married a Canadian and has grown-up children in Canada. He now finds that even if he is landed, I am not sure whether he is yet, he may be faced with deportation. I have not gone into the details of the case, because again I knew that it would take five years after landing before that person could get citizenship. I must confess—perhaps I should not say this—that at the time I brought the amendment into the house when I was minister—I think in 1956—I did place a cut-off date in the bill I brought in and which was accepted by the house. It was provided that any person who had landed or been technically landed before that date but had been resident in Canada for a longer time before that could count the prior period, so that it was possible for someone who had already been here for five years to be landed and make his application for citizenship, and do the one right after the other.

I did suggest at that time that under certain safeguards and in certain circumstances we should put a provision in the act that would not be just retroactive but would provide for the future that in certain of these hard cases there might be some discretion given to the governor in council if the case were reported subsequently to parliament so that there was the utmost publicity. But just at that time I had the experience as minister of losing several cases in the courts, immigration cases, where the question of the discretion of the governor in council was involved, and I frankly confess that I did not propose that legislation at that time because I was afraid some of the hon. lady's friends would prolong the debate to such an extent that we would not get the bill through.

Mrs. Fairclough: You have a suspicious nature.

Mr. Pickersgill: I am inclined to think that that might have happened because that was in the days when the hon. lady and her friends had had no experience of government, and they did not realize that orders in council based upon legislation are perfectly proper and necessary instruments for the use of any government. We have a different kind of parliament now, with a responsible opposition that understands something about these things, and it does seem to me that we should take another look—when all is said and done—10 years have passed since the hon. member for Essex East introduced the original Canadian Citizenship Act; in fact, it is more than 10 years. It came into effect on January 1, 1947, and it does seem to me that it would be a very useful thing indeed if the hon. lady at the next session of parliament—I know she has got the Indian Act under contemplation for this session and that is enough for one session, I quite agree—would consider having a proposal laid before this house and the other place for a joint committee, and a serious committee, to go into the citizenship act in a non-partisan way in the light of our 12 or 13 years experience, with a view to trying to remove some of those anomalies and also trying to clear up this question of real equality of status. I offer this as what I hope will be a constructive suggestion.

The second thing that I want to say something about is that I have the impression as a result of the very heavy immigration of the last four or five years that there are other places besides Toronto and Montreal where there is getting to be a real backlog of citizenship applications before the courts and where it is not really possible for the ordinary county or district courts, whatever they may be called in the various provinces, to handle those applications on a current basis. I would not be surprised if the hon. lady lives in one of the most outstanding

of those places because next to Toronto and Montreal I imagine there is the largest concentration of immigrants in Hamilton than in any other place in Canada. I would not be surprised if a similar situation existed in Vancouver, perhaps in Winnipeg, possibly in Edmonton and probably both in London and in Windsor. I am not making any suggestion in this field because I do not know all the facts but I think we would be interested to hear from the hon. lady what the facts really are and whether steps should not be taken to extend the number of citizenship courts.

I know the jurisdiction of the court in Toronto has been extended, if I remember rightly, to the whole of the province but that does not accomplish all that is needed. I wonder whether there should not be some further extension of those federal courts. I do not even know what the situation is in Ottawa. In any case, probably the hon. lady can tell us what the situation is.

The third thing I want to speak about is a particular case. It is not the only case of its kind. In fact, I know of two similar cases, but I refer to one that I communicated with the hon. lady on, I think, it was December 28 or 29, in the following terms:

Hon. Ellen Fairclough, M.P.,
Minister of Citizenship and Immigration,
Ottawa.

I am deeply disturbed by press reports of proposed deportation to Haiti of Jean Orsete Volcy and his wife who have an infant daughter who is a Canadian citizen.

In order to leave the hon. lady with no qualms about whether I am dealing with something that is sub judice, I assure her at once I have no intention whatsoever of talking about Mr. Volcy and his wife. I am talking about their infant daughter who is a Canadian citizen and, therefore, against whom no valid deportation order could issue I continue with the telegram:

Deportation will involve for this citizen of our country either enforced separation from her parents or more probably exile from her native land. Surely this is a case where humanitarian considerations should have priority over departmental adherence to the letter of the law being stubbornly upheld.

I should just like to remind the hon. lady and the committee that that is not the kind of language I normally use, but that phrase is taken verbatim and literatim from the Prime Minister's reference to the Hanna case, made in this house when the Hanna case was sub judice. I deliberately used those words because I thought it would be useful later on to have that distinguished precedent from so eminent a lawyer. I added:

I am sending a copy of this message to the Prime Minister.

[Mr. Pickersgill.]

Then, on December 29 I received a telegram from the hon. lady which read:

Regard your telegram Mr. and Mrs. Volcy. Regret cannot comply with your request. I have already given exhaustive consideration to this deplorable situation and must concur in decision.

I thereupon wrote a letter to the Prime Minister about this case, which I also propose to read into the record. The letter is dated December 31 and reads:

My dear Prime Minister:

I have been astonished to receive a reply from the Minister of Citizenship and Immigration to my telegram regarding the infant daughter of Mr. and Mrs. Jean Volcy of Montreal flatly refusing to consider my representations. The minister in her reply completely ignores the fact that my representations were not made on behalf of Mr. and Mrs. Volcy but on behalf of their daughter who is a natural born Canadian citizen. I recognize that the parents are not admissible as immigrants under present regulations but I am also aware that hundreds of persons have been admitted as immigrants this year—

That was the year 1958.

—by order in council. You will no doubt recall your own strong appeal to me just two years ago to recommend an order in council for the admission of one George Christian Hanna who had no connection whatever with this country and who has since been deported by your government.

Here we have a case of the parents of a Canadian citizen whose deportation would involve the enforced exile or the desertion of one of our own citizens. These people have lived in Canada for some time and the public has no evidence they have committed any crime or even failed to support themselves.

The minister in her telegram says she has given exhaustive consideration to this deplorable situation which she does not define. If that means these people are not desirable immigrants, surely action should have been taken before they became the parents of a Canadian citizen.

The press reports indicate that the decision of the courts in this case was based solely on technical inadmissibility under the existing regulations which could easily be cured by an order in council.

The refusal of the minister to recommend an order in council in this case is almost certain to create the impression that the action proposed is being taken because of the colour of the skin of the parents of this Canadian citizen.

Is not this proposed action, which is surely prejudicial to the natural rights of a citizen of Canada, a strange prelude to the proposed bill of rights? I am writing to you because the minister seems to have overlooked altogether the fact that her action will affect the rights and the welfare of a citizen of Canada. I am of course sending the minister a copy of my letter.

In due course I received an acknowledgement from the Prime Minister's office saying that the case was before the courts. I am relying here on my recollection and it is possible that my recollection will turn out to be wrong. I admit at once that many times during the period when I was minister deportation orders were issued against the parents of a Canadian citizen but because there was no appeal or anything of that sort they

never came to my attention. I am not going to say for a minute that there may not have been some parents of Canadian citizens deported while I was minister and that they may not have taken their children with them, but during that period I cannot recall any case ever brought to my attention where the deportation of the parents would involve either separation from an infant child or the taking of that child out of Canada into exile that I did not stay the operation of the deportation order at once.

It seems to me it is a shocking waste of the taxpayers' money to have this case in the courts at all, and I do think we should have an assurance from the minister that, in a case where the deportation of the parents of an infant Canadian citizen will result in forcible separation from the infant or in the exile of that Canadian citizen, deportation will not be carried out. No attempt should be made to carry it out, and unless there are the strongest possible reasons against it action should be taken by the governor in council under the act to land the parents of that Canadian citizen as immigrants.

Although it seems to me that the rights of a Canadian citizen are of the utmost importance, this is by no means merely a question of rights but a question of the practical application as well. The hon. lady, who is a lot younger than I am, perhaps will not remember that 25 years ago or 27 years ago or up to 30 years ago, when her political friends were in office in this country, a great number of residents of Canada were deported, particularly to the United Kingdom, from some parts of the prairie provinces because they had become public charges. I happen to recall some of these cases personally. I particularly remember a number from the city of Saskatoon. The action created a great deal of stir at that time. Years later, after the wider extension of assisted passages for immigrants from the United Kingdom, we found that we were receiving applications from people who could not qualify for assistance as immigrants because they were Canadian citizens who had been born in Canada, who had gone to the United Kingdom because their parents had been deported but who, as natural born Canadian citizens, could not be classed as immigrants and therefore could not get assistance to come to their own country. That situation was remedied by parliament without any difficulty whatsoever.

What is going to happen in practical effect if we deport—I should not say "deport" because we cannot deport them—if we exile these Canadian citizens is that they are going to grow up in another country while having all the rights of a Canadian citizen, and in many cases they are going to want to exercise those rights years later. Even if we have no humanitarian reasons for doing so, surely we should recognize these facts as facts, and surely when we find this kind of situation, which does not arise very often, we should simply accept it as a fact and see that the rights of these Canadian citizens are protected even though it does involve permission to remain in Canada to people who otherwise we perhaps would not have chosen to be immigrants. Although I have one or two other observations I want to make, I believe I have taken my share of the time for the moment and I have made the three points I most particularly wanted to make.

Mrs. Fairclough: Mr. Chairman, if the hon. member will permit me to do so, I should like to make some comments at this point on what the hon. member for Bonavista-Twillingate has said. With the first part of his remarks I find myself in almost complete agreement. He mentioned a couple of cases. I wish the hon. member would let me have the particulars of the first case he mentioned.

Mr. Pickersgill: I will be very glad to but I am afraid nothing can be done about it. The department has done its best.

Mrs. Fairclough: If the circumstances are as the hon. member indicated and he has given a correct description, it is our opinion that possibly something can be done. I should like to have a look at it in any event.

Mr. Pickersgill: I will be very happy to.

Mrs. Fairclough: I should like to say to him also that with regard to the act itself or any amendments or revisions thereto I have an open mind. I hope at all times that I will encourage revision of any of the acts which govern the department under my jurisdiction. I would assure him most sincerely that I will look at his suggestion. Moreover, I can assure him that we have the same thoughts upon the same subject. He will be pleased to know that I think he must be some sort of a mind reader. We are already proceeding to open courts. The first one, I think, will be in the city of Hamilton.

Mr. Pickersgill: That does not altogether surprise me.

Mrs. Fairclough: We propose to open courts in places where the traffic will bear them.

Mr. Pickersgill: Has the minister any other places in mind?

Mrs. Fairclough: Some of those my hon. friend mentioned fall into the category. We cannot open them all at once, of course. It is going to take time to get them in operation. However, it is my hope that eventually we

can have across this country a group of generally uniform ceremonies, bright, impressive ceremonies, that will impress these new Canadians with the idea that the acquisition of Canadian citizenship is really the highlight of their lives. I feel very strongly about that, and that is the end toward which I am working.

I come now to the not so pleasant part of my remarks. This has to do with the case which the hon. member has brought before this house, although it is before the courts at the present time. I agree with him that this child is a Canadian citizen, but when he says this case should never have been brought to the court I would draw to his attention that it was in the court when he was the minister.

Mr. Pickersgill: The hon. lady would not want to create a false impression. There was no Canadian citizen at that time because this child has been born since I ceased to be the minister. My whole case is based on the Canadian baby.

Mrs. Fairclough: I am very pleased to learn the hon. gentleman now has a real concern for the children of immigrants. I have in my hand some cases in which deportation was ordered and in which there were Canadian children involved. I just went back a little way, and I have not too many. I only have about 15; two of them were under Mr. Harris; eight of them were under the hon. member and the rest of them were under my administration.

I have one right here. A citizen of Haiti entered Canada as a student and took employment. There was an application for a landing permit and he was ordered deported at Toronto on December 2, 1954, the wife included. The appeal was dismissed against voluntary deportation; there was deportation and the Canadian child accompanied the parents.

Mr. Pickersgill: The hon. lady has me there, I admit.

Mrs. Fairclough: My eye fell on that one because these people were Haitians also. Some of these others were from other countries such as Belgium, Italy, Scotland, England—they are pretty general, with a great many countries involved.

Mr. Pickersgill: The hon. lady will recall, of course, that I thought there were a good many cases in which there had been no appeal.

Mrs. Fairclough: When the hon. member tries to single out this one case as a great and glaring example of injustice, I draw to his attention the fact that there have been a number of them and not by any means the majority of them under my administration. I daresay if I go back and search the files I will find a great many more.

Mr. Pickersgill: That still will not make it right.

Mrs. Fairclough: I just wanted a sample. I draw this to the hon. member's attention: although this case is before the court, and quite properly, we should not be discussing it at all in this house. I say to him that these people will receive fair treatment. The treatment that is accorded to them will be just and fair, and their child will always be a Canadian child.

Mr. Pickersgill: Perhaps the hon. member would allow me to say a word about this matter because I think the hon. lady certainly has me in so far as this other Haitian case in which an appeal was taken is concerned. I think that what I did on that occasion was wrong, and I have no hesitation whatever in saying that, just as I think what the hon. lady is doing now is wrong. Whatever I may have done or Mr. Harris may have done or the hon. lady may have done in the past, I would not like to see us considering in this parliament in this session a bill of rights when at the same time we were still carrying on the practice which would indirectly exile Canadian citizens.

I say that whatever may have been done in the past, I appeal to the government and I appeal to the hon. lady not to proceed with this or with any other case where the child is of such an age that the deportation of the parents is going to mean either genuinely enforced separation or the exile of a Canadian citizen. Whatever the law may allow, I do not think this practice should continue. I feel very strongly about it. I feel just as strongly about it even though I may, in the past as the hon. lady has very properly pointed out, have been guilty of the same conduct. I suspected she might be able to point out some example, as anyone can see from my original remarks. I have never at any time in this house hesitated to say that I thought I had made mistakes. I know I did. But what I do say is that this matter has now been brought to the attention of the committee, and whatever may have been done in the past I do not think we should be using the powers in the Immigration Act to exile from Canada Canadian citizens.

Mrs. Fairclough: May I just say that the deportation order did not include the child.

Mr. Pickersgill: No, I know that.

Mrs. Fairclough: I have looked at this list while the hon. gentleman was speaking, and I find that in no less than five cases

appeals were registered and yet he ordered the deportation. One case in which he ordered deportation to Germany concerned a man, his wife and four children; two of them were born in Canada and the other two were born abroad.

Some hon. Members: Shame, shame.

Mrs. Fairclough: Rather than take the second Canadian child abroad with them they had it made an official ward of the Manitoba authorities and placed it for adoption.

Mr. Pickersgill: I think it was wrong, anyway.

Mr. Howard: There are a number of matters which could be dealt with under this particular item, because certainly the fact a person becomes a citizen of the country is of extreme importance to the individual as well as to society as a whole. In looking at the citizenship act, section 22, if I could refer to it to preface my other remarks, we find a Canadian citizen, whether natural born or naturalized is entitled to rights, powers and privileges and is subject to all obligations, duties and liabilities. I underline those words, rights, powers and privileges as well as obligations, duties and liabilities.

I do not know if anyone has made a complete and all-embracing statement as to what is entailed in those rights and obligations. I doubt if such a complete compilation has been made. I am sure that those things sort of constitute our whole fabric of society and change from time to time through the process of time itself as well as a result of legislation and court decisions.

These rights and these obligations that devolve upon Canadian citizens are—or should be, anyway—equally applicable to British Columbia, the province from which I come and right across Canada to Newfoundland. No matter which province a person happens to be resident in, the rights and the obligations he has should be equitable throughout all of the provinces. I think we can assume that one of the fundamental and inalienable rights which we have—and which I mentioned earlier today at another stage of the proceedings—is contained in one of the conventions of the international labour organization at its 31st session in 1948, 11 years ago. While it is true that Canada has not ratified it—something which I think is a failure on the part of the government of Canada, both the one we had previously and this one—this convention concerns the freedom of association and the protection of the right to organize which I submit falls within one of the fundamental rights, powers, privileges, obligations and duties set out in section 22 of the act. The article of that convention has specific reference to the happenings of the last day or two in one of the provinces of Canada. I refer to article 4 which I am going to quote again. It states:

> Workers' and employers' organizations shall not be liable to be dissolved or suspended by administrative authority.

Article 11 I should say has specific reference. It states:

> Each member of the international labour organization for which this convention is in force—

I admit, as I said earlier, that it is not in force because of failure of this government and the previous Liberal government to ratify it.

> —undertakes to take all necessary and appropriate measures to ensure that workers and employers may exercise freely the right to organize.

That is one of the rights of citizens in Canada as set out in this international labour convention, section 4.

Mr. Churchill: I rise on a point of order, Mr. Chairman. We are here dealing with the citizenship registration branch and the hon. member is talking about other matters entirely. I think the question of relevancy comes in at this stage and he should be restrained from discussing matters which do not relate to this particular item under discussion, namely the citizenship registration branch.

Mr. Howard: On the point of order, Mr. Chairman, I should like to say this. The Canadian Citizenship Act specifically mentions certain rights, privileges, duties and obligations. From that are we to assume that we have ten different types of citizenship in Canada or do we have one; and I submit my remarks are in order specifically because we have a despotic premier in Newfoundland who seeks to deny—

The Chairman: Order. I must ask the hon. member to confine his remarks to the question of citizenship and immigration. He is completely out of order in discussing labour unions or labour relations. Certainly he has no right to describe the premier of a province in the way he did. I therefore declare his remarks to be completely out of order.

Mr. Argue: Before you make your ruling in final form, Mr. Chairman, I hope you will allow—as chairmen in this committee over the years have done—hon. members to make submissions on the point of order. I was unable to be in the house for all of the afternoon but as I understand it the arrangement was that we would have a general discussion of citizenship under this item and that it

would not be confined to the narrow item as it ordinarily is in under our procedure. If that is correct, Mr. Chairman, as I believe it is, then I submit to you with great emphasis and with great respect that members of parliament have a right under the question of citizenship to discuss what are in fact the rights of citizens within this country. No matter where those rights may be interfered with. If the rights of a Canadian citizen, natural born or naturalized, are interfered with by actions of any authority, in this instance as the hon. member for Skeena has said actions by the Newfoundland government, I would suggest that this House of Commons and the members of it have every right under this item to make such a protest. I think it is a well established fact that, as far as these rights of citizenship are concerned, they are not only the rights that should and can be discussed in parliament but they are the very rights over which this parliament does in fact have jurisdiction. I would therefore suggest that it is very much in order; in fact I would suggest that it is not only in order but it is the duty of hon. members of this house to rise in their places and protest any infringement of rights of Canadian citizens, no matter where that infringement may originate. It is our respectful submission that the premier of Newfoundland—

The Chairman: Order.

Mr. Argue: —has shown a complete disregard of the rights of Canadian citizens—

The Chairman: Order.

Mr. Argue: —and that—

Some hon. Members: Sit down.

The Chairman: Order. I regret to advise the hon. member that if he persists in carrying on his remarks while the Chairman is on his feet I shall be forced to report him to the committee.

We are at present in committee of supply discussing a motion which deals with items of citizenship under the department and which has relevance only to items of citizenship under federal jurisdiction. We cannot in this house discuss items which fall under provincial administration and which are relevant to provincial authority. It is therefore completely out of order at this time to refer, in the discussion which is presently taking place, to incidents which have occurred in a province. I therefore declare the remarks of the hon. member for Skeena to be out of order and the last part especially of the remarks of the hon. member for Assiniboia to be definitely out of order.

[Mr. Argue.]

Mr. Pugh: Mr. Chairman, I rise on a question of privilege. Many times in this chamber when the Chairman or the Speaker has decided a point of order and has given a decision we then find hon. members rising and criticising the judgment of the Chairman or the Speaker. To my mind that is entirely wrong procedure. I point my remarks particularly tonight to the fact that after you gave your ruling, your ruling was challenged. To my mind that is a procedure which is not right. I submit that no member of this house should do such a thing.

Mr. Argue: On the point of order, Mr. Chairman, which has been raised, I think I have the right to speak.

Some hon. Members: Sit down.

The Chairman: The point of order has been dealt with by the Chair. I must remind hon. members that although they can appeal the decision of the Speaker or the Deputy Speaker, they cannot criticize such decision.

Mr. Howard: Mr. Chairman, it certainly was not my intention to precipitate such a furore, but we have seen slowly over the years a movement toward uniformity of citizenship as between natural born Canadian citizens and naturalized citizens. The last session of this parliament made certain amendments to the citizenship act which moved us toward more equitability as between natural born Canadian citizens and those who are naturalized. This is a welcome approach, and I am sure it is in the minds of all of us that the application of the rights of Canadian citizens be applied not only equitably as between natural born and naturalized citizens but also between the provinces.

I submit that that is not the case in Canada today, we have different attitudes and approaches as between one province and another with respect to the rights of Canadian citizens. This attitude is better in some provinces than others. But it does get worse. We have in British Columbia, for instance, a different attitude developing with respect to Canadian citizens than exists with Canadian citizens in other provinces. I am talking now, Mr. Chairman, about Section 22 of the act, which deals with the rights, powers, obligations and duties of citizens. These rights of citizens as we know them and as I said earlier must be involved in our own fabric of Canadian society but they are looked at differently in one province than in another because of provincial legislation. We have in British Columbia, the province from which I come, movements afoot in the legislature to deny certain of those rights just as we have a revival, which is reminiscent of the attitude

of Hitler and Mussolini when they were in power, taking place in the province of Newfoundland with respect to the rights of certain people who work there.

The Chairman: Once again I must remind the hon. member not to discuss items which are related to provincial authority. He must confine his remarks solely to the item under discussion.

Mr. Howard: It is not my desire, Mr. Chairman, to reflect upon your ruling, but I feel very strongly about the rights of individuals in Canada. Those rights are embodied in the citizenship act, which to me is all-inclusive and should apply in one province as well as in another but does not because of people in one province poking sticky political fingers into people's rights. Therefore I must appeal your ruling to the committee.

The Chairman: May I ask the hon. member which ruling he is presently appealing?

Mr. Howard: The ruling which, as I understood it, denied me the right to discuss the question of the rights of Canadian citizens as they are affected by certain actions now taking place in the province of Newfoundland.

The Chairman: I must inform the hon. member that I made no such ruling. The ruling which I made was that we should not discuss in this committee items which are not of a federal nature or which are not under the jurisdiction of this committee.

Mr. Howard: Can I then take it, Mr. Chairman, that I can discuss the rights of the citizens in Newfoundland being denied them because of the action by somebody in the legislature done in an hysterical and reprehensible fashion—

Some hon. Members: Sit down.

The Chairman: I must remind the hon. member, as I mentioned previously, that he is not permitted to question my ruling. If he wishes to appeal my ruling he must specify in precise words what he is appealing.

Mr. Howard: With deference, sir, I am appealing the ruling which you just made. As I understand it, it denies me the right to discuss the abrogation by the premier of Newfoundland of the rights of citizens who happen to be in Newfoundland.

The Chairman: Once again I must remind the hon. member he cannot question or discuss my ruling.

Mr. Howard: Then I appeal it.

The Chairman: The hon. member must confine his remarks strictly to the item of citizenship. My ruling is that all hon. members, and the hon. member for Skeena in particular, must confine their remarks to the item at present under discussion, which item is citizenship. That is my ruling.

Mr. Howard: I am not questioning your ruling, and I have mentioned that two or three times, sir. If your ruling is such that it prevents me from discussing the rights of citizens in Newfoundland, then I appeal the ruling.

The Chairman: Does the hon. member wish to appeal the ruling I have just made?

Mr. Howard: I thought I made that clear when I mentioned I desired to appeal your ruling in the first instance, Mr. Chairman.

The Chairman: To resume this discussion, I would repeat to the hon. member that my ruling is that he confine his remarks to the item under discussion, which plainly mentions citizenship. If he does not wish to confine his remarks to the item under discussion, I must ask him to resume his seat.

Mr. Howard: Mr. Chairman, if I may carry on, then, you said I am not at liberty to interpret your ruling. I wish to go on in the same vein as before, but if by your ruling you are preventing me from discussing things which, in my opinion, are quite in order to be discussed under this item—

Some hon. Members: Order.

Mr. Howard: I wish to appeal the ruling and I cannot make it any plainer than that.

Mr. Argue: Mr. Chairman, it is a well-known ruling and you have clearly outlined it that it is the right of any hon. member of this committee to challenge the ruling of the chairman if he wishes. That is a well-known rule which has been put into operation many times. When you pointed out to the hon. member for Skeena the rule and procedure—namely that if he wished to appeal he might do so—he indicated he wished to appeal the ruling. I submit there is no other course left open for the Chair other than to set down the dispute as he sees it and to hand it to Mr. Speaker at which time the ruling of the Chair will be put to the house.

The Chairman: On this question it is not up to the hon. member for Skeena to interpret my ruling. He may only appeal to the house concerning my ruling. If he wishes to appeal to the house he is at liberty to do so.

Mr. Howard: That is at least the sixth time I have indicated my desire to appeal. My answer to the question, "Do you wish to appeal?" is yes.

Some hon. Members: Order.

Division

Mr. Grafftey: Mr. Chairman—

Some hon. Members: Order.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

In the committee of supply when vote No. 49 concerning the Department of Citizenship and Immigration was being considered the hon. member for Skeena (Mr. Howard) attempted to discuss labour conditions which in the chairman's opinion came under the jurisdiction of the government of Newfoundland. The chairman ruled that the hon. member for Skeena must keep his remarks relevant to the vote under discussion whereupon Mr. Howard appealed to the house from the ruling of the Chair.

Mr. Speaker put the question as follows:

The question is an appeal from a ruling of the chairman of the committee of supply. In the committee of supply when vote No. 49, concerning the Department of Citizenship and Immigration, was being considered the hon. member for Skeena attempted to discuss labour conditions which in the chairman's opinion came under the jurisdiction of the government of Newfoundland. The chairman ruled that the member for Skeena must keep his remarks relevant to the vote under discussion whereupon Mr. Howard appealed to the house from the ruling of the chair.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Aitken, Miss
Allmark
Anderson
Asselin
Badanai
Balcer
Baldwin
Barrington
Baskin
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Boulanger
Brassard (Chicoutimi)
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campeau
Carter
Casselman, Mrs.
Cathers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crestohl
Crouse
Danforth
Denis
Deschatelets
Doucett
Drouin
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fulton
Godin
Gour
Grafftey
Granger
Green
Gundlock
Habel
Hales
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Jorgenson
Kennedy
Kindt
Korchinski
Kucherepa
Lahaye
Leduc
Legere
Lennard
Letourneau
Macdonald (Kings)
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
McWilliam
Martel
Martineau
Martini
Matthews
Michaud
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Lisgar)
Nesbitt
Noble
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Pickersgill
Pigeon
Pratt
Pugh
Rapp
Ratelle
Rea
Regnier
Richard (Kamouraska)
Richard (St. Maurice-Lafleche)
Roberge
Rogers
Rouleau
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stewart
Tassé
Taylor
Tucker
Villeneuve
Webster
Weichel
White
Woolliams
Wratten—164.

NAYS

Messrs:

Argue
Fisher
Herridge
Howard
Martin (Timmins)
Peters
Regier—7.

And the house having resumed in committee:

The Chairman: Order. House again in committee of supply. Shall No. 49 carry?

Mr. Regier: Mr. Chairman, now that we have had the decision of the house I wonder whether the minister might not consider this an appropriate time to outline to the House of Commons and the Canadian people exactly what is meant by Canadian citizenship. Does the ownership of a Canadian citizenship certificate mean anything? If so, would the minister, in the absence of a bill of rights, explain to the Canadian people exactly what is meant by national rights of citizenship?

Mrs. Fairclough: I will ask the librarian of parliament to supply the gentleman with a list of books from which he can get the answer.

Item agreed to.

50. Citizenship branch, $881,109.

Mr. Pickersgill: I have a few observations to make on item 50. I assure the committee they will have something to do with the item before us. I do not want to take any time in reviewing the activities of the branch generally, but I do want to appeal to the minister to consider very carefully whether or not there is some unnecessary literature being produced by the citizenship branch. I know the minister will be tempted to tell me, if I give any particular examples, that whatever example I give was started in my time and I did not do anything about it.

I am very sorry the Minister of Finance is absent, although I know he has other urgent duties, because I am trying to help him at the moment. I have in my hand a copy of a magazine called "Citizen", which I think in my day was a mimeographed production and which now is printed and bound. I have three copies here. I am not going to go into the contents of them and I am not going to criticize them. Quite frankly, however, I do not think they have any real, positive value that is not easily obtainable in other publications offered by the citizenship council or by other bodies. I am sure when I say this I will have an echo in the heart of every member, however he voted in the recent division, because the volume of printed matter that appears every day on a member's desk is quite staggering. It is not quite so bad when you are a minister because you have a staff that keeps some of it away from you. However, when you have to open your own mail and look it over you realize for the first time I think the tremendous avalanche of printed words that descends on members every day.

I am not going to say that most of these publications are not valuable, but some are of questionable value. I do think it is the duty of every member who feels any responsibility for the taxpayers' money, when he comes to the conclusion, as I have in the case of this particular publication, that it does serve no useful purpose that is not already served by some other publication, to say so. I am not suggesting that the minister bother to defend it or point out its great merits, because if so then I would do the reverse and I would check through the table of contents to prove my point. I do not want to prolong this discussion. I really believe this is one branch of the government service that does a lot of valuable and useful work, but because of its very nature I feel, and I am sure the minister feels, because of the rather amorphous character of the duties of this branch there is a greater tendency than in the citizenship registration branch, which has clearly defined duties, to spread out and perhaps spread too thin. As I used to say sometimes when I was minister, perhaps there is a tendency in the branch to take in one another's washing.

I genuinely feel that while it is important to have liaison officers to give guidance, particularly in the field of language instruction, and to give help, there are many ways in which the work of the branch could be tightened up and some small sum saved, not a great sum, that would really be a net saving to the Canadian people.

Mrs. Fairclough: Mr. Chairman, if I may reply to that immediately, I would say that the reason this magazine is printed now instead of being mimeographed is that there were so many requests for it. We now print 4,000 in English and 1,000 in French. I am sure the hon. member will agree with me that mimeographing is a very uneconomical way to produce that many copies. There is quite a bit of demand for this publication. If it bothers the hon. gentleman to have it come in his mail, we will be glad to take him off the list.

Mr. Pickersgill: I have a far better suggestion for the hon. lady. There is a test which I think we might apply much more frequently to government publications. I would put a price on it and see how many requests there are then. The great mass of the Canadian people, I am sure, do not want this.

Mrs. Fairclough: They ask for it.

Mr. Pickersgill: The great mass of Canadian people do not ask for it, if there are 4,000 copies for 17 million people. It must cost a certain amount to produce. I would not suggest the magazine be run at a profit and I would doubt the possibility of that. I would suggest that for this and for many other government publications it would be a very good idea to apply the test of the market place, the test of a free economy, and put a price on it to see whether there really is a genuine demand. I am sure that this is the kind of suggestion that will have a good deal of appeal to the leader of the house and to the Minister of Finance in connection with some of the financial worries that they have these days.

Mr. Peters: I should like to mention a problem that has been drawn to my attention a number of times. It concerns those people

who are now members of the British commonwealth and who hold British citizenship. I refer mainly to immigrants, and I have a number of them in my area, who come from the West Indies. The same situation, of course, will apply to other British immigrants from other parts of the commonwealth who hold British citizenship. These people come to Canada, and after the first year are allowed to vote in municipal, provincial and federal elections, and to run for office. However, they do not have the right to apply for citizenship until they have been here five years.

It has been felt by many of them that they have come to Canada with the intention of staying in Canada, so they want to assume Canadian citizenship as soon as possible. I would suggest to the minister that it might be possible, since these people are already educated in the British way of life through their commonwealth associations, that they are suitable citizens. It would be a concession to our commonwealth idea and bring the commonwealth closer together if these people were permitted to become citizens after one year of residence.

Mr. Broome: I wanted to say a few words on the same subject as was mentioned by the hon. member for Bonavista-Twillingate. I, too, suffer from a rather heavy flood of publications. Some of these publications are worth while, but there are many publications which are a mere duplication of things published by other bodies. I am not referring particularly to this department, but my remarks are of a general nature and cover the entire field of government publications. I believe these publications sort of grow on top of themselves, as will be seen if you look at the daily check list every day. I am quite sure that a little bit of editing would not do any harm whatsoever.

Mr. Peters: May I ask the minister if she will give consideration to this matter of lowering the resident requirement for British citizens who wish to apply for Canadian citizenship?

Mrs. Fairclough: Mr. Chairman, I give consideration to everything that is submitted to me in the House of Commons. I can assure the hon. member of that fact.

Indian Affairs Branch—

56. Administration, $680,907.

Mrs. Fairclough: If I may, Mr. Chairman, I should like to make a few remarks. I think possibly I should give some information to the committee. The 1959-60 main estimates for Indian affairs show an increase of $6,563,652 over 1958-59. The major portion of this increase is attributable to two basically important fields, namely education and welfare of Indians.

The total increase in operating costs for education is $2,928,886 and for welfare $2,322,104. This envisages the employment of 42 additional teachers at day schools and 32 at residential or a total increase in teaching staff of 74. There is an increase of $350,000 to further assist in the education of Indian children in association with non-Indians and an additional amount of $765,499 to finance the operation and maintenance of residential schools. The program of residential school construction calls for an additional amount of $795,300 over 1958-59. The increase in the welfare appropriation is largely due to increased requirements to meet relief costs and the care of indigents.

In the all important field of education good progress has been made. For example, in the 1958-59 fiscal year the unrevised figures show a total enrolment of 38,836 Indian pupils in all schools. This includes 8,429 pupils who attend non-Indian schools, universities, teachers' colleges and commercial or trade schools and represents an increase of 1,099 over the previous year. The estimates presented for consideration visualize a further increase in numbers and further participation by Indian pupils in higher education.

In the past academic year we have had about 2,500 students taking post-elementary school training. There were but 200 in 1948 and it is my hope that this tenfold increase will gather momentum with each year. To this end a system of scholarships offers further incentive to Indian students to continue their education. These scholarships, representing a total value of $25,000, are offered in addition to the normal assistance given at post-elementary school level. Thirteen awards were made in the current year.

In both Indian day and residential schools the practical arts courses such as home economics, woodwork, sheet metal work, *et cetera* enrolled 5,898 students. For this program 48 instructors were employed for classes enrolling 2,683 boys. For the girls 63 teachers were employed to give instruction in home economics to over 3,215 students.

It is planned to construct 88 classrooms together with other necessary construction including teachers' residences. In line with the efforts being made to educate Indian children in association with non-Indians, provision is made for contributions towards the construction of 11 joint schools.

The residential school construction program, designed to take care of children of northern migratory Indians and those from broken homes, shows an increase. It includes

two hostels for children attending elementary and high schools in Whitehorse and a start on the replacement of one old school, namely St. Mary's residential school, New Westminster agency, British Columbia.

In the field of Indian housing the appropriation was doubled in 1958-59 when the amount of $2 million was provided. This has made possible an expanded program of housing construction and an improved standard of housing, as well as an increased number of cost sharing agreements with bands with sufficient funds to participate in such undertakings. During 1958-59 a survey of housing was undertaken which will have an important bearing on the building program in future. The emphasis on financial assistance to Indians in northern and remote areas will continue.

In 1959-60 it is proposed to maintain the expenditure at the same level of $2 million and it is estimated this will cover the financing in whole or in part of close to 1,000 housing units. On the average for every dollar expended from public funds in recent years there has been an equal or greater amount provided from personal contributions by the Indians themselves in the form of labour, cash and materials, band funds, and Veterans Land Act grants available to Indian veterans.

During the debate on the departmental estimates in the last session of this house the question of the quantity of relief supplied on behalf of Indians in need was raised by some hon. members opposite. I said at that time that this subject was under constant review. As a result of a thorough and careful study improved standards and revised procedures of relief administration on behalf of Indians are being introduced throughout the country on April 1 next, in order that Indians in destitute circumstances may receive, as nearly as possible, the same treatment and assistance available for non-Indians in need in Canadian communities generally.

As I informed hon. members last year, the department in 1957 embarked upon a limited experimental program in the payment of relief in cash and in dollar value orders, replacing relief in kind according to a ration scale. This experiment has proven to be successful and on the basis of this experience and following a comprehensive review of scales of assistance and procedures in effect in various provinces and non-Indian communities throughout Canada, these methods are to be adopted universally with effect April 1 next.

At the same time new scales of food allowances in terms of dollar value have been authorized, which represent a substantial advance over the retail value of the foods listed on the former ration scale, and an increase over the rates payable in the experimental projects which have been in force since 1957.

These changes are costly, as evidenced by the fact that provision is made for expenditures of approximately $3 million in excess of those incurred in 1957-58. It is considered essential, however, that adequate assistance be provided for Indians in need in order that they may maintain a satisfactory standard of living at times when they are unable to do this through their own efforts. It is also the purpose of these changes to bring procedures and standards of assistance in line with those in force in non-Indian communities; to give greater responsibility to the Indians in the management of their own affairs.

For the information of the house, the new scales of assistance will be as follows. Please note that the standard rates may be supplemented up to the amounts indicated in columns A, B, C and D in the table, to provide for special circumstances and cases where local costs of food are high.

	Standard rates	Special rates payable in high cost areas and in special circumstances			
		A	B	C	D
Single adult ..	$22	$25	$28	$33	$38
Each additional adult or child over 12 years of age	15	17	19	22	26
Each child 12 years of age or under	12	15	16	18	21

An important change in branch organization has resulted from the recent establishment of an economic development division which is now in the process of being staffed. The establishment of this separate division is reflected in the introduction of two new votes which encompass a number of items concerned with fur development, agriculture, urban-type employment and other commercial enterprises designed to permit the attainment by Indians of a higher standard of living. It has been recognized for some time that the rapidly growing Indian population and the relatively low returns from traditional Indian pursuits make it imperative that more attention be paid to economic problems and to employment.

A placement program is now in operation with the object of assisting Indians to find employment in a wider range of fields than has hitherto been open to them. Placement officers are now employed in six of the eight administrative regions, with a senior placement officer in Ottawa, and it is planned in 1959-60 to engage two more such officers, one

for the maritimes and one for Saskatchewan. This program is carried on in co-operation with the national employment service and other agencies. Group placements in seasonal employment have been increasingly successful. For example, a total of just under 1,000 Indians from Alberta and Saskatchewan reserves were recruited to the beet fields of southern Alberta in 1958. In addition, in the last two fiscal years special arrangements were made for the employment of Indians in clearing of roads in the Yellowknife-Fort Rae area of the Northwest Territories.

Mr. Howard: Mr. Chairman, in the few moments at my disposal, having listened to the minister as carefully as I could, I would like to express at least my own sincere appreciation for her having made the changes in the matters of welfare cash payments, the increases toward education and educational facilities, and so on, which she has just announced. In the last couple of sessions I have had occasion to complain about some of these matters, particularly the inadequate food rationing arrangements which applied to Indians. I am very pleased about this, and I am sure that many of our native Indian people who have occasion to call on this service of the department will be appreciative too. The minister is taking a much more progressive attitude toward this phase of our Indian problems than has been taken for quite a number of years. Some of these grievances have been of very, very long standing with the Indian people, and I am sure this is only the first step toward giving Indians the opportunity to play the fullest possible role in society.

I hope you will excuse me, Mr. Chairman, if I make brief mention of a notice of motion that is now on the order paper with respect to the establishment of a joint committee of this house and the other place to deal with Indian affairs. I notice that it is almost a month or four and a half weeks ago that notice of this motion was given, and I hope it will not be too long delayed before we are able to proceed with the motion in the name of the hon. minister and that this joint committee is established to deal with the Indian Act and Indian affairs in general.

There is one phase, education, which probably in importance overshadows the long range views with respect to our hopes and desires for all Indian people, and probably even overshadows all of the other activities of the Indian affairs branch of the department, and of course takes into account the educational facilities of the various provinces and of private organizations. I would like, if I may, on this question of education, to point out again, if it is necessary to point it out, that the desire for education on the part of Indians has been of long standing.

In 1916 a royal commission on Indian affairs was established in the province of British Columbia, and I have a copy of one of the volumes of its report. This 1916 royal commission was not appointed, incidentally, to deal with the question of education, but was appointed to deal with the question of delineating certain areas for reserves for particular bands and also the question of rights of way through Indian reserves or property for a railroad. I point out that the specific object of this royal commission in British Columbia in 1916, which is long before many of the members sitting in this house today were even born—certainly some years before I was born—was not to deal with education but to deal with the delineation of reserves. However, in the process of that they compiled a certain amount of information about population of bands, the occupation of people in those bands, the condition of them, the educational facilities, the head of the families, how many people under 19, and so on, giving quite a statistical analysis of the population of each band.

I would like to point to some of the comments which are made in this report of 1916, some 43 years ago, and the incidental references the commission made to education of Indian bands and the desire of Indians to obtain that education. In the riding which I represent there is quite a large population of native Indian people, and I wish to refer to how, 43 years ago, native Indians had this attitude toward education. Now we are very slowly and finally realizing the ideals and hopes they had at that time. In the report reference is made to the Kitseguecla band and their condition. It says that they are progressive and comfortably situated. With respect to the view of the Indians on education it says that Indians are understood to strongly favour industrial schools. As I say, this was some 43 years ago, and the Indian people in that reservation at Kitseguecla were desirous of some form of educational facilities in the way of industrial schools. Then there is reference to the Kitamaat band and their condition. This was long before many of us in this house were born, and long before our parents thought we would be entering schools and proceeding through the various steps of education.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I assume we will go ahead, as the leader indicated last night, with the agriculture estimates tomorrow?

Mr. Green: Yes, Mr. Speaker, that is the intention.

Mr. Pickersgill: And private members' day on Monday.

Mr. Green: Yes.

At 10 p.m. the house adjourned, without question put, pursuant to standing order.

[The following items were passed in committee of supply]:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Citizenship—

Supply—Items Passed

49. Citizenship registration branch, $477,571.

50. Citizenship branch, $881,109.

51. Grants to organizations as detailed in the estimates, $40,000.

Immigration branch—

52. Administration of the Immigration Act, $1,199,386.

53. Field and inspectional service, Canada, including $13,000 for grants to immigrant welfare organizations, $6,899,092.

54. Field and inspectional service, abroad, $2,261,296.

55. Trans-oceanic and inland transportation and other assistance for immigrants and settlers, subject to the approval of treasury board, including care en route and while awaiting employment; and payments to the provinces pursuant to agreements entered into, with the approval of the governor in council, in respect of expenses incurred by the provinces for indigent immigrants, $3,100,000.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PUBLIC SERVICE—RESIGNATIONS AND DISMISSALS

Question No. 121—**Mr. Denis:**

1. What was the number of government employees in departmental branches, services and corporations in June, 1957?
2. What is the present number?
3. How many resigned or were dismissed in that period?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. The number of government employees in departmental branches, services and departmental corporations at June 30, 1957, was 192,884.

2. Latest available information is at June 30, 1958, and the numbers were 201,008.

3. Statistics on resignations and dismissals are not available.

NATIONAL MUSEUM—ROYAL COMMISSION RECOMMENDATIONS

Question No. 185—**Mr. Argue:**

1. Did the royal commission on arts, letters and sciences make any recommendations regarding the administration and control of the national museum of Canada, and the status of its director?
2. If so, what was the text of its recommendations in this regard?
3. Have any of these recommendations been implemented?
4. If so, which ones have been so implemented, and how have they been carried out?
5. If not, what reasons does the government hold for disregarding these recommendations at present?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2. The text may be found at page 322 of the royal commission's report.

3. Yes.

4. (a) The geological survey is moving to new quarters in the coming summer and the national gallery moves early next year, thus making the whole of the Victoria museum building available for museum purposes; (b) The national museum's budget has been trebled, increasing from $228,669 in the year 1951-52 to $675,776 in the year 1959-60; (c) The national museum was formerly a division of the national parks branch and was headed by a chief curator at a salary of $8,200-$9,100. In 1956 the national museum of Canada was divided administratively into two branches. One of these, the natural history branch, is headed by a director whose salary is $11,000.

5. Not applicable.

HISTORICAL MUSEUMS—RECOMMENDATIONS OF ROYAL COMMISSION

Question No. 188—**Mr. Argue:**

1. Did the royal commission on arts, letters and sciences make any recommendations regarding the establishment of a Canadian historical museum; how it should be administered and controlled, and the status of its director?
2. If so, what was the text of its recommendations in this regard?
3. Have any of these recommendations been implemented to any degree?
4. If so, which ones have been so implemented and in what manner have they been carried out?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2. The text may be found on pages 323 and 324 of the royal commission's report.

3. Yes.

4. (a) In 1956 the national museum of Canada was divided administratively into two branches, one of which is known as the human history branch. The position of director for this branch was created in January 1, 1957 and the director was receiving recently $11,000; (b) The control and administration of the Canadian war museum was transferred on April 1, 1958 from the Department of National Defence to the Department of Northern Affairs and National Resources, and entrusted to the human history branch of the national museum of Canada.

C.M.H.C., FORT WILLIAM, ONT.—LEGAL SERVICES

Question No. 190—**Mr. Fisher:**

1. Were any solicitors or other legal talent used by the Central Mortgage and Housing Corporation office in Fort William during 1957 and 1958?
2. If so, what were their names, addresses and the amounts of the fees?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2. The names of solicitors in the Fort William area who were retained by Central Mortgage and Housing Corporation or who were paid fees in respect of work allocated by the corporation are detailed below:

Murray W. Babe, Cuthbertson Bldg., Fort William; W. J. Weiler, 208 Grain Exchange Bldg., Fort William; C. B. Devlin, Cuthbertson Bldg., Fort William; R. L. Seaman, Public Utilities Bldg., Port Arthur; A. A. Kajander, Ruttan Block, Port Arthur; H. G. Blanchard, Tomlinson Block, Port Arthur; Gavin H. Young, Tomlinson Block, Port Arthur; C. J. Watt, 418 Portage Ave., Fort Frances.

Fees and disbursements paid by the corporation to Gavin H. Young amounted to $604.65 and those paid to C. B. Devlin to $25. The other work involved consisted of title

search and the preparation of mortgages covering loans made by the corporation under the National Housing Act, 1954. In this connection the corporation allocates the work to the solicitors but their legal fees are paid by the borrower. The corporation has no record of the amount of these fees.

MAIL BOX CONTRACTS

Question No. 192—**Mr. McBain:**

1. Were any tenders called by the Post Office Department between May 1, 1957, and December 31, 1958 for (a) rural mail boxes; (b) mail storage boxes; (c) combination letter and parcel boxes?

2. If so, what was the name and address of firm and tender price submitted?

3. On each contract, who was the successful tender?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. (a), (b) and (c) Yes.

2.

	per box
(a) St. Thomas Metal Signs Ltd., St. Thomas, Ont.	$ 3.94
B. Applebaum, Ottawa, Ont.	3.95
La Compagnie Morin & Fils Montmagny, P.Q.	4.048
L'Islet Metal Inc., L'Isletville, P.Q.	4.95
Galt Metal Industries Ltd., Galt, Ont.	5.04
Rousseau Metal Inc., St. John Port Joli, P.Q.	5.37
B. K. Joli Inc., Montreal, P.Q.	5.65
W. R. Elliott Ltd., Kitchener, Ont.	8.58
Engineering Products of Can. Ltd., Montreal, P.Q.	11.11
	each
(b) Rousseau Metal Inc., St. Jean Port Joli, P.Q.	$ 31.25
B. Applebaum, Ottawa, Ont.	31.50
St. Thomas Metal Signs, St. St. Thomas, Ont.	31.57½
Galt Metal Industries Ltd., Galt, Ont.	32.45
La Cie Morin & Fils Ltee, Montmagny, P.Q.	32.89
Geo. White & Sons Co. Ltd., London, Ont.	32.90
L'Islet Metal Inc., L'Isletville, P.Q.	33.11
Rubenstein Bros. Co. Ltd., Montreal, P.Q.	33.40
Tudhope Specialties Ltd., Orillia, Ont.	34.45
Beach Foundry Ltd., Ottawa, Ont.	35.11
B. K. Johl Inc., Montreal, P.Q.	36.50
Joseph Sankey & Sons Ltd., Smiths Falls, Ont.	38.60
Continental Can Co. of Canada Ltd., Montreal, P.Q.	42.39
Engineering Products of Can. Ltd., Montreal, P.Q.	55.24
Rosco Metal & Roofing Products, Ottawa, Ont.	56.95
W. R. Elliott Ltd., Kitchener, Ont.	58.85
Canadian Car Co. Ltd., Longueuil, P.Q.	83.75
Canadian Vickers Ltd., Montreal, P.Q.	101.40

Questions

	Total cost
(c) St. Thomas Metal Signs Ltd., St. Thomas, Ont.	$ 62,021.15
Galt Metal Industries, Galt, Ont.	77,250.00
B. K. Johl Inc., Montreal, P.Q.	87,100.00
W. R. Elliott, Kitchener, Ont.	187,180.00
Frank P. Lalonde, Dorval, P.Q.	225,000.00

3. (a) St. Thomas Metal Signs Ltd., St. Thomas, Ont.; (b) Rousseau Metal Inc., St. Jean Port Joli, P.Q.; (c) St. Thomas Metal Signs Ltd., St. Thomas, Ont.

NATIONAL MUSEUM—EFFICIENCY OF ORGANIZATION

Question No. 207—**Mr. Argue:**

1. Has an investigation ever been made by any agency of the government since January 1, 1945, relating to the efficacy of the manner in which the national museum of Canada is organized, administered and its policies determined?

2. If so, on what dates were these investigations made, what agency carried them out and who were its members, by whom were these investigations authorized, and what were the terms of reference of each investigation?

3. Were any reports made as result of these investigations?

4. If so, what was the date on which each was submitted, to whom was it submitted, by whom, and what were the findings and recommendations in each case?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Since 1945 there have been the usual reviews and reassessments by officers of the department, of the civil service commission and of the treasury board as well as the general enquiry into agencies of the Canadian government, such as the national museum of Canada, of the royal commission on the advancement of arts, letters and sciences in Canada. In 1958 there was a special investigation into the situation existing then in the human history branch of the national museum of Canada.

Questions

2. The usual reviews have taken place as required when policy questions arose and were carried out by the responsible officials of the department or other agencies concerned. The royal commission was established by order in council No. 1786 of April 1, 1949, and its terms of reference and membership are to be found on pages xi, xii, xiii and xv. The investigation as to the situation in the museum was undertaken by the deputy minister and an assistant deputy minister.

3. Yes.

4. The royal commission's report was submitted to the governor in council in May, 1951 and its recommendations on the national museum are to be found on pages 322, 323 and 324. The report on the situation in the museum was transmitted on January 14, 1959 by the deputy minister to the Minister of Northern Affairs and National Resources. The minister's statement in the House of Commons on January 20, gave an outline of the nature of the findings and of the recommendations.

NATIONAL MUSEUM—INVESTIGATION INTO PERSONNEL DIFFICULTIES

Question No. 208—**Mr. Argue:**

1. Was an investigation ever authorized by the Department of Northern Affairs and National Resources, since June 1, 1958, relating to difficulties among any of the personnel of the human history branch of the national museum of Canada?

2. If so, on what date was the investigation undertaken, who made the investigation, by whom was it authorized, when was a report submitted on the matter, and to whom was it submitted?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2. The investigation began on June 11, 1958 at the direction of the deputy minister. It was carried out partly by an assistant deputy minister and partly by the deputy minister. Interim reports were submitted from time to time to the deputy minister and to the minister. The final report to the minister was made on January 14, 1959.

PUBLIC BUILDING, BRUSSELS, ONT.—PAINTING

Question No. 218—**Mr. Denis:**

1. Was the interior of the public building at Brussels, Ontario, painted during 1958?

2. If so, were tenders called for the work by public advertisement?

3. If not, how were tenders invited?

4. To whom were invitations to tender sent?

5. From whom were tenders received and what was the amount of each tender?

6. To whom was the contract awarded and in what amount?

7. When was this building painted previously to 1958?

8. Who was the contractor?

9. What was the amount of the contract?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2. Yes.

3. Answered by No. 2.

4. Nil.

5. Ed. M. Sharpe, Listowel, $1,165; Lloyd Siddall, Listowel, $995.

6. Lloyd Siddall, Listowel, $995.

7. July, 1952 (interior painting).

8. Walter A. Williamson, Brussels, Ontario.

9. $2,175 (including caretaker's living quarters).

HENSALL, ONT.—POST OFFICE ACCOMMODATION

Question No. 219—**Mr. Denis:**

1. Has the public works department been authorized to enter into a lease for a new post office building in the village of Hensall, Ontario?

2. If so, who is the lessor?

3. Was the location and design of the building determined by the lessor or the department?

4. Were the department requirements for accommodation made known by way of advertisement? If not, how was the lessor selected?

5. What is the estimated cost of the completed building?

6. What will be the total cost per annum to the department for this accommodation, including caretaking and other services?

7. Does the crown or the landlord provide hydro and water?

8. How many years does the lease cover?

9. Has the department an option to renew the lease at the same cost per annum?

10. What factors were taken into consideration in determining the annual rental?

11. Is this building intended to serve other purposes than those of the post office? If so, what is it to be used for?

12. Why was it necessary to secure new accommodation for the post office in Hensall, Ontario?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2. Mr. R. H. Middleton, Hensall, Ontario.

3. The lessor offered space for rental in a building he intended to construct. Both location and design were found acceptable by the post office and public works departments.

4. (a) No; (b) Answered by No. 3.

5. Information not available.

6. $1,628 including estimated cost of services to be supplied by the crown.

7. Crown pays lighting costs and water rates.

8. Ten years.

9. No.

10. Rental was determined by the lessor and compared by public works officials with other commercial rentals for similar type of accommodation in the area.

11. Post Office Department, only.

12. To provide improved and enlarged accommodation for Post Office Department.

APPENDIX

NOTE FROM CANADIAN CHARGE D'AFFAIRES, WASHINGTON, TO ACTING SECRETARY OF STATE

Canadian Embassy

No. 624

The Canadian chargé d'affaires ad interim presents his compliments to the acting secretary of state and has the honour to refer to the matter of restrictions affecting exports of oil from Canada to the United States and in particular to the recent proposal on which the administrator of the voluntary oil import program has requested comment.

The notes of the Canadian ambassador to the Secretary of State dated January 15 and June 23, 1958, set forth the views of the Canadian government on the principles involved in such restrictive measures. It would now appear desirable to restate these views in the light of the proposal for revision of the basis of the import restrictions which has been put forward for discussion by the administrator of the voluntary oil import program.

The Canadian government continues to believe that there can be no justification on grounds of security (or, for that matter, on other grounds) for United States restrictions on oil coming from Canada. United States government restrictions on oil imports from Canada, imposed in peacetime for security reasons, are not reconcilable with the need of Canada and the United States to pool their oil resources in time of common emergency.

The Canadian government acknowledges that the proposal by the administrator of the voluntary oil import program attempts to take into account the importance to Canada of exports of oil to the United States, and the importance to United States refineries operating on Canadian crude oil of continued freedom to use that oil. Section 5(d) of the proposal would appear to offer to refineries in district II using Canadian oil some means of mitigating the very damaging effects of other sections of the new proposal.

The Canadian government would point out, however, that application of section 5(d) would be a matter of administrative discretion, rather than formal directive. The Canadian government is also aware that the United States government is subject to very considerable pressures from interests which would seek to make the oil import program more rather than less restrictive. The United States government will therefore understand that while the Canadian government is appreciative of the consideration shown for the Canadian position, the Canadian government could only await the actual outcome of the proposed revision with concern.

Further, the Canadian government would not wish any comments on the current proposal to be taken to imply a preference on the part of the Canadian government for one basis of import restrictions as against another. Furthermore so long as any import restrictions continue to be applied against Canadian oil, they will have a deleterious effect on Canadian-United States relations.

Following the imposition of United States restrictions imports from Canada have not only fallen sharply but have declined more seriously than imports from other areas supplying oil to the United States. Examination of United States import figures for petroleum and its products for the months from July 1957 indicates that the volume of crude oil and products moving from Venezuela and the Netherlands Antilles together to the United States has continued fairly level; a decline in crude oil imports has been offset by increases in imports of products. Middle Eastern crude oil and product sales have declined somewhat. In contrast, Canadian sales of crude and products have declined sharply, and by May 1958 were less than half the volume of July 1957. In July, 1957 Canada supplied 9.5 per cent of total United States imports of crude oil and products; by May, 1958 Canada was supplying only 4.5 per cent of such imports. Thus, imports from Canada, the most secure outside source of oil for the United States in normal times and in times of emergency, have fallen much more than those from offshore areas since the inauguration of the United States program established on grounds of United States national security.

This disproportionate decline would appear to have come about largely because of indirect effects of the United States program.

In district V, offshore oil from various sources, after it was denied ready access to the United States eastern seaboard and California, has virtually displaced Canadian oil in Puget sound. It would appear that the Puget sound refiners, having been limited as to the amount of crude oil they could import, have tended to disregard other considerations and have turned to the cheapest available sources of imported oil—Venezuela, the Middle East

and the Far East—partly to offset the uneconomic use of United States domestic crude brought in from California; in an open market they might well have continued to use a substantial proportion of Canadian oil.

Similarly, in district II, Venezuelan oil, when limited in its access to other markets in the United States, has been displacing Canadian oil, though the displacement has been less than in the case of district V.

The United States import program has thus borne most heavily upon the source of imported oil for the United States which would be least subject to interruption, and which is most akin to the United States in the cost structure and market prorationing arrangements of its oil industry. Canadian oil is not and has not been a factor contributing to the problems which led to the institution of the United States oil import program. It is therefore a matter of regret and concern to the Canadian government that, notwithstanding the unquestioned goodwill of the United States government, the Canadian oil industry should not only suffer from the import restrictions but should suffer more than the oil industries of other areas especially since the Canadian industry cannot be regarded as having contributed to the problems intended to be met by the United States oil import program. The United States government will recall that in its note of February 19, 1958, it expressed the view that strong petroleum industries in both countries "contribute importantly to the support of the defence efforts with which both Canada and the United States are associated".

In the light of the considerations set out above, it is the hope of the Canadian government that, both because of the current adverse effects and because of the potential consequences for future petroleum policies, the government of the United States in its current re-examination of the import program will find itself able to remove the restrictions which have been imposed on the access of Canadian oil to markets in the United States.

A. E. Ritchie

The Canadian Embassy,
Washington, D. C.
October 20, 1958.

HOUSE OF COMMONS

Friday, March 6, 1959

The house met at 11 a.m.

EXTERNAL AFFAIRS

ANNOUNCEMENT OF VISIT BY UNITED KINGDOM PRIME MINISTER

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, following my remarks yesterday I am now in a position to advise that Mr. Macmillan has accepted the invitation to come to Ottawa. He will arrive in Ottawa accompanied by the foreign secretary, Mr. Selwyn Lloyd, early in the morning of March 18, and the major portion of that day will be spent in consultation and talks with members of the government. They will leave for Washington on the morning of March 19.

I know that all hon. members will join in extending a warm welcome to Mr. Macmillan and Mr. Lloyd. By the time they visit us they will have completed a round of exploratory consultations which will have included discussions in Paris and Bonn.

The Prime Minister's visit will be unavoidably short, but plans have been made for a thorough, informal exchange of views on the international problems which confront us as interested members of the North Atlantic Treaty Organization. My colleagues and I look forward to the opportunity of discussing those matters in particular which resulted from the visit of the Prime Minister to the U.S.S.R.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I welcome the remarks of the Prime Minister, and wish to say that the C.C.F. group look forward very much to the visit of Prime Minister Macmillan and Mr. Selwyn Lloyd to Canada. We think this visit is most important at this time because of the discussions Prime Minister Macmillan has had with Premier Khrushchev. I want to say for the C.C.F. that we admire greatly the courage and foresight shown by Prime Minister Macmillan in making his recent trip to the Soviet union. We agree with statements we have seen in the press in which he has said that he would consider a pull-back of troops from Germany, Poland, Czechoslovakia, Hungary and central Europe. We think these talks are most welcome, and we are very much in favour of continued conversations instead of the alternative of extermination for the world.

THE CANADIAN ECONOMY

"PRIVATE AND PUBLIC INVESTMENT IN CANADA—OUTLOOK 1959"—STATEMENT ON TABLING REPORT

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I am tabling today the report, Private and Public Investment in Canada—Outlook 1959, which summarizes the results of a recent survey of capital spending intentions. The survey, conducted annually, is designed to cover all anticipated outlays for new plant and equipment, institutional and government facilities and housing. For the fourth year in succession capital investment in Canada will exceed $8 billion, a more than threefold increase in a period of 12 years. Present investment plans provide for total new capital outlays in 1959 of $8.3 billion, slightly below the $8.4 billion expended in 1958. The over-all total of intended outlays on construction and machinery, including repairs, gives a grand total for 1959 of $11.1 billion, exactly the same as for 1958. An examination of preceding survey results shows that in the past, in comparable situations to that now prevailing in Canada, stated investment plans at the beginning of the year have tended to underestimate the amount of work eventually realized. It is quite possible, therefore, that some further filling out of investment programs will occur during the course of the present year.

Within the total program, the principal increases appear in commercial and institutional building and government projects. Increased capital outlays are indicated for each of the three levels of government. Provincial and municipal governments and agencies are faced with steadily expanding requirements for roads, schools, hospitals and many types of local improvements. Somewhat easier supply conditions in the construction industry have helped in getting ahead with these programs. The federal government also is proceeding with an expanded program of public projects designed to meet the needs for defence installations and other services and to foster national development. Outlays made directly by federal departments are estimated to increase by 10 per cent, while expenditures by all three levels of government combined are expected to rise at almost the same rate.

Within the business sector, commercial construction will apparently go ahead more

rapidly than ever. An approximately unchanged rate of capital spending is indicated for a broad range of industry, including agriculture, forest and mineral extraction and processing, secondary manufacturing and transportation and communications. Alone of the major business groups, fuel and power industries have indicated a somewhat lower level of capital expenditures in 1959. This reflects the near completion last year of a number of large scale undertakings, including the trans-Canada gas pipe line, the St. Lawrence seaway and power projects and other major power developments.

In recent months there has been a marked increase in the volume of new projects coming forward. Consequently a larger proportion of the 1959 program is comprised of work on newly-initiated projects, as opposed to the carryover of work on undertakings started in previous years. This change in the make-up of the investment program is indicative of new interest in expansion.

The rate of anticipated expenditures for 1959 indicates that Canadian industry is continuing to expand rapidly. As a proportion of total national output, anticipated outlays for new plant and equipment compare favourably with levels in most post-war years. This continuing build-up in the tools of industry reflects the underlying confidence of the businessman in the future of Canada, and is indicative of the strength and diversity of the expansive forces within the Canadian economy.

The physical impact of the anticipated investment program, in terms of its demands upon Canadian industry, will be about the same in 1959 as in the preceding year. Other types of demand, however, will be higher. Consumer purchases are rising. There are indications that inventory liquidation, which exerted a depressive effect on business activity for most of 1958, will soon give way to accumulation. With recovery proceeding steadily in the United States, export prospects are brightening. A sustained demand for capital goods, in conjunction with expanding markets in other fields, gives promise of further growth in production and employment levels in the period ahead.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister has made an extremely important statement which, so far as one can gather from listening to it without notice, represents that in regard to investment intentions and capital expenditures this country merely is holding its own. That is a situation which is surely not satisfactory if we wish to have a dynamic and expanding economy. However, the statement deserves and will receive attention from this side of the house. In due course there will be an opportunity to discuss it, possibly in connection with the budget debate which perhaps will be commencing before the Easter recess.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, knowing the tradition of governments and that the Minister of Trade and Commerce usually tries to put forecasts in the best possible light, it is my opinion that having regard to the need for a tremendous expansion in the Canadian economy, on a study little room will be found for comfort in the statement that has just been made. The statement, in effect, says we are going to be marking time; we will be holding our own, and there will be a reduction of expenditures in certain circumstances. There will be increases in certain other outlays.

When one considers the further increase in automation in this country and its further impact on employment, one can only come to the conclusion that now is the time for a great, dynamic development sponsored and promoted by government action. This is the time for the government, and governments generally, to increase expenditures on self-liquidating projects for the Canadian nation that will result in an increased standard of living and full employment instead of the current stagnation, recession and unemployment.

CANADA SHIPPING ACT

AMENDMENTS RESPECTING MORTGAGES, CERTIFICATES, PILOTS, ETC.

Hon. George H. Hees (Minister of Transport) moved the first reading of Bill No. S-3 (from the Senate) to amend the Canada Shipping Act.

Motion agreed to and bill read the first time.

FISHERIES

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

On the order: Government notices of motion:

March 4—The Minister of Public Works—The following proposed motion:—That items numbered 127 to 145, inclusive, as listed in the main estimates for the year ending March 31, 1960, relating to the Department of Fisheries, be withdrawn from the committee of supply and be referred to the standing committee on marine and fisheries, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Green: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of

motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

PUBLIC ACCOUNTS

REFERENCE OF PUBLIC ACCOUNTS AND CANADA COUNCIL REPORT TO STANDING COMMITTEE

On the order: Government notices of motion:

March 4—The Minister of Finance—The following proposed motion:—That the public accounts volumes I and II and the report of the Auditor General for the fiscal year ended March 31, 1958 and the financial statements of the Canada Council and the report of the Auditor General thereon for the fiscal year ended March 31, 1958 be referred to the standing committee on public accounts.

Mr. Fleming (Eglinton): Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

CANADIAN BROADCASTING CORPORATION

MONTREAL—INQUIRY AS TO RECEIPT OF TELEGRAM FROM PRODUCERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of National Revenue whether he has received a telegram from the C.B.C. producers in Montreal with regard to the settlement of the strike, and whether he proposes to take any action in regard to that telegram.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have not received the telegram to which the hon. gentleman refers. All mail and telegrams go to the departmental office first and then come up here. There may be one there, but it has not come to my attention this morning.

Mr. Hazen Argue (Assiniboia): Can the minister say whether there has been any change in the attitude of the C.B.C., and whether the C.B.C. is now prepared, as are the producers, to sign the original agreement to which initials had been attached and bring this strike to a conclusion?

Mr. Nowlan: There has been no change in the attitude of the C.B.C. I do not think I can amplify what I said yesterday. The C.B.C. is quite prepared to sign the agreement, provided that agreement means what it says and what it was intended to say when it was initialled early in February.

Mr. Argue: Would that not be the position the C.B.C. should have taken before they initialled the agreement?

Mr. Nowlan: There was no need to take that position before they initialled the agreement because it was fully understood at that time what the agreement meant, and it was only some weeks later that a new interpretation was put upon it.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): I would like to address a question to the Minister of National Revenue. Is it a fact that the C.B.C. has now proposed a new definition of functions for its producers in Montreal after having refused to ratify the agreement it had accepted on February 7?

Mr. Nowlan: I am not accepting that premise at all. The C.B.C. has not refused to ratify an agreement which had been accepted. The producers have refused to ratify an agreement which they had accepted. So far as I know there has been no change such as the hon. member suggests.

Mr. Deschatelets: A supplementary question. Can the minister tell us why the C.B.C. is making that proposal at this stage, when it had refused to accept a similar one on January 11, two months ago?

Mr. Nowlan: I do not know to what proposal the hon. gentleman refers. I am not in touch directly with negotiations or conversations which have taken place between the corporation and producers. If there is any substance in this question to which the hon. gentleman has called my attention, I will make inquiries and deal with it on Monday.

[*Later:*]

Mr. Deschatelets: Mr. Speaker, I should like to direct another question to the Minister of National Revenue. I am sorry I did not have time to send him notice. My question can be taken as notice. In view of press reports indicating that Mr. Murray Hayes, vice president of the executive committee of the city of Montreal, received a phone call from a member of the C.B.C. board of directors in connection with the protection of the C.B.C. building in Montreal, can the minister tell us the name of the C.B.C. director who made the call and what was the nature of the representations he made to Mr. Hayes?

Mr. Nowlan: I certainly cannot, Mr. Speaker.

ROYAL CANADIAN MOUNTED POLICE

MONTREAL—REPORTED REQUEST FOR ASSISTANCE IN C.B.C. STRIKE

On the orders of the day:

Mr. Alexis Caron (Hull): Can the Minister of Justice say whether the attorney general of the province of Quebec has authorized the

intervention of the R.C.M.P. for the alleged protection of C.B.C. buildings in Montreal? Can he also say why such intervention has been undertaken, and what has been done in this connection by the R.C.M.P. up to now?

Hon. E. D. Fulton (Minister of Justice): So far as I know the attorney general of the province of Quebec has not taken any steps in the matter. There is, however, an over-all responsibility on the R.C.M. police for the protection of federal properties. The C.B.C. building in Montreal is crown owned property, and some R.C.M. police have been inside the building, prepared to carry out their responsibilities should the need arise.

Mr. Caron: May I ask a supplementary question. Has this intervention of the R.C.M.P. been decided upon by the R.C.M.P., or were they ordered by the government to do so?

Mr. Fulton: The commissioner of the R.C.M. police is responsible for the operations of the R.C.M. police, and in my experience I have not found that the commissioner requires to be ordered to carry out his responsibilities.

Mr. Hazen Argue (Assiniboia): A supplementary question. Has the commissioner discussed this difficulty with the minister, and is this action taken with the approval of the minister?

Mr. Fulton: The commissioner has discussed the situation with me, and as I have said the action referred to consists of the stationing of a small detail of R.C.M. police inside the radio corporation building to protect federal government property and the persons of those who may be using that property. But there has been, according to my information, no intervention. Nothing has actually happened in that regard calling for action by the R.C.M. police.

TRADE

RUSSIA—REQUEST FOR CLARIFICATION OF STATEMENT ON AGREEMENT

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. My question arises out of the answers given to a question and supplementary question which I asked yesterday concerning the expiry of the trade treaty with Russia. The point to which I wish to address my question is this. The minister, in answer to the supplementary question, having indicated that there was no trade treaty with Russia at the moment, said this:

[Mr. Caron.]

...but Russia enjoys most favoured nation treatment and has for a number of years now.

I would like to ask the minister if he would clarify the position as to the most favoured nation treatment with Russia at the present time?

Hon. Gordon Churchill (Minister of Trade and Commerce): I shall be glad to do so, Mr. Speaker. The trade treaty which was signed in 1956 expired at the end of February. That trade treaty, with which my hon. friends opposite are quite familiar, principally established the exchange of most favoured nation treatment between Russia and Canada. An order in council was passed in 1956 in this regard, and an order in council would have to be passed to revoke that most favoured nation treatment. In the interval, while negotiations are going on with the Russians, they have been informed that the most favoured nation treatment will be continued in effect. As hon. members are aware, that most favoured nation treatment does not entitle another country to any unique advantage but merely guarantees that the country will not be discriminated against in trade matters.

The main advantage gained by the treaty of 1956 was an agreement for the purchase of wheat from Canada to the amount of 50 million bushels or more. That was to be taken up over a three-year period at not less than 400,000 tons a year. We are in this position at the moment, that for the crop year 1958-1959 the third and final commitment under that arrangement is in process of being settled between the Russians and ourselves. So although the trade treaty of 1956 expired at the end of February, our trade relations in respect of Russia are unchanged.

Perhaps I was not clear in my remarks yesterday that the only restriction with regard to trade with Russia has relation to the strategic list.

Mr. McIlraith: I thank the minister.

U.S. IMPORT CONTROLS ESTABLISHED DURING TERM OF LIBERAL GOVERNMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether in view of the undertaking made by him last Tuesday in this house, and reported at page 1550 of *Hansard,* he is now in a position to supply the list of import controls established by the United States when the former Liberal government was in office, on Canadian oil as well as on other Canadian minerals?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have the list available. I had hoped the hon. gentleman would

let me know in anticipation that he would like to have it today. It is available, and I will see that the entire list of protests sent by Canada over the years will be made available to the house.

PUBLIC SERVICE

HAY RIVER, N.W.T.—ALLEGED DISCRIMINATION IN ISOLATION ALLOWANCES

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I should like to direct a question to the Secretary of State. Has the minister received any representations from government employees in Hay River, Northwest Territories, concerning the discriminatory isolation allowances paid to civil servants there as compared with allowances paid to other civil servants in the north where the costs of living are comparable? If so, what do they intend to do about it?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, to my knowledge, no.

INDIAN AFFAIRS

SIX NATIONS RESERVE—CONFERENCE OF HEREDITARY CHIEFS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I can ask the Prime Minister if it is his intention to attend the summit conference that has been called by the hereditary chiefs of the Six Nations Indians?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I understand that the hon. gentleman is also an honorary chief, so I return the compliment and ask him the same question.

Mr. Pickersgill: On a question of privilege, sir, I unfortunately am not a chief, honorary or otherwise. There is a provision that the superintendent general can never accept a chieftainship. I am sure that is the only reason I was not chosen.

LABOUR CONDITIONS

NEWFOUNDLAND—REFERENCE OF LEGISLATION TO CABINET COMMITTEE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to ask the Minister of Justice a question arising out of the interview I believe he had yesterday with Mr. Claude Jodoin, president of the Canadian Congress of Labour. Can the minister say whether it is the intention of the government to have the controversial bills now before the Newfoundland legislature referred to any committee of the cabinet or to any body for study, and whether the government is doing this for the purpose of considering whether or not those acts will be disallowed.

Hon. E. D. Fulton (Minister of Justice): As the hon. gentleman says, I had a visit from Mr. Jodoin and Mr. Forsey yesterday. They indicated to me their concern about the reported legislation of Newfoundland. I advised them that full note was taken of their concern and of the point of view they then put forward and that the matter would be considered by cabinet, where it is now being considered. One of our difficulties, of course, is that the legislation has not yet completed its passage through the Newfoundland house and we do not know in what final form it may emerge, so it is not too easy to arrive at a final decision at the present time; but the questions referred to us are under active study.

Mr. Argue: I appreciate the minister's answer. Can he say whether the bills in their present form are before the cabinet?

Mr. Speaker: I think the answer the minister has given makes it clear that to pursue this matter would be to pursue something that is hypothetical at the present time.

SUPPLY

The house in committee of supply, Mr. Sevigny in the chair.

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Chairman, in introducing the estimates of the Department of Agriculture I think perhaps it would be appropriate for me to start by saying something about the reorganization which has been taking place within the department during the past several months and which will go into full effect at the end of this fiscal year, being the end of this month. The change shows up, of course, in the form of the estimates, and most hon. members who have looked at these estimates will no doubt have noted that they are in considerably different form than they were last year and in preceding years.

The physical growth of the department and the increasing dependence of farmers on the results of scientific research have brought about a need for changes in the form and direction of the departmental machine. There is no intention, however, of losing sight of

the primary objective of service to agriculture. Rather, the changes are aimed at bringing to bear on farm problems the full resources of the scientific and administrative staffs. I think perhaps I should note that there have been some stories and misapprehensions at one time or another as to what the results of this reorganization would be. Some farmers got the idea that they would no longer be welcome at experimental farms across the country, and so on. Nothing is further from the truth. We are very anxious at all times to have people interested in what is going on at the experimental farms and research centres come there, learn what they can and carry away the results of the experimental work we are doing and put them into practical operation on their own farms.

The main features of the present plan are the establishment of a research branch that will integrate the former experimental farms and science services, and the incorporation of the marketing service and the production service into a production and marketing branch. Each of these new units will have at its head an assistant deputy minister under whom will be a director general with appropriate supporting staff. An administration branch will take care of departmental administration and will also embrace the information division and the economics division, the latter formerly associated with the marketing service.

Undoubtedly the most radical feature of this reorganization is the development of the research branch as the principal research agency of the department. Its organization will differ markedly from the present pattern. The old divisional lines will disappear, and the program directorate will plan and coordinate the research program. It will be the duty of this directorate to search out problems, to study them from the standpoint of their effects on the farmers' economy, and to recommend appropriate action.

Another feature will be the establishment within the department of 10 research institutes organized on the basis of scientific disciplines rather than problems. I have a list of those here but I will not take the time at the moment to go over them. If anyone is interested, when we come to the particular item I will be very glad to give the information in connection with the 10 new research institutes which are being set up.

Apart from the research institutes, the research program will be organized on a regional basis with the type of establishment and the program of work varying with the area. There will be little actual physical change in the present regional establishments, but rather a consolidation of effort and unified administrative control at each centre.

The second major arm of the reorganized department will be the production and marketing branch, bringing under unified direction all departmental activities in the fields of agriculture production and marketing. The largest single unit in this branch will be the health of animals division, which will remain unchanged as to organization. Livestock work in both the production and marketing fields will be centred in the new livestock division. Similarly, poultry work in both fields will be brought together in the poultry division. The present divisions dealing with dairy products, fruits and vegetables, plant products and plant protection will enter the new branch unchanged.

I think I should perhaps also say something about the plans for the central experimental farm here at Ottawa, which have been the subject of a good deal of speculation, not all of it by any means correct. The national capital commission is in the process of acquiring some 4,000 acres of land in the green belt to be used by the Department of Agriculture as an annex to the central experimental farm. It will accommodate the animal research studies, including the animal research institute of the research branch and the animal pathology laboratories of the production and marketing branch.

The commission has actively pursued its land acquiring program and will have the land available as required to carry out the department's plans. It will turn over the land progressively as it is needed to implement these plans. The animal research institute will require one main office-laboratory building to provide working facilities for approximately 80 research officers and satellite functional buildings for dairy cattle, beef cattle, sheep, swine, poultry and fur bearing animals. The animal pathology laboratories will require office-laboratory facilities, a special isolation unit for research on virus diseases, and limited functional buildings for livestock.

It is anticipated that the following work program will go forward during 1959-60: (1) surveys of the site will be completed and the site plan for the animal research centre will be agreed on; (2) plans for the installation of services will be completed; (3) land at and around the building site will be taken over from the national capital commission, the area being approximately 1,000 acres; (4) preliminary plans for the animal research institute office-laboratory will be completed; (5) phase 1 of the building program will be implemented, including the functional buildings for beef cattle and sheep and part of the requirements for poultry; (6) plans for

the functional buildings of phase 2 will be completed and will provide for dairy cattle and for the remaining poultry.

It is hoped that the architects can produce a plan for the office-laboratory building and for the functional livestock buildings which will fit into the agricultural setting and the highest ideals of the green belt conception. Speculations that a part or parts of the present experimental farm will be sold or given over to other uses are entirely without foundation at the present time. The agriculture department can use and intends to use all the present central experimental farm, and has no plans whatever for disposing of any part of it. In my view the farm is one of the great assets of Ottawa as a city, and the farm will be increasingly an asset as time goes on. I would envisage that 100 years from now the farm will be to Ottawa what Hyde park is to London or Central park to New York. I would certainly hope that it would not be used for building purposes, and the only big open space left in the city thus alienated and done away with.

I should like to turn to some of the economic matters in connection with agriculture. In the debate on the speech from the throne on January 23 I gave a general picture of the agricultural economy, and I do not intend to repeat what I said at that time. However, I think I should add some of the further statistics which have become available since that time and in this way complete the story of 1958 from the agricultural point of view.

I spoke in January about the gross cash income received by the farmers in 1958 as the highest on record, $2,869 million. I shall not repeat at this moment the gross cash income which I gave at that time in respect of previous years. However, I have here a breakdown of cash income as far as the provinces are concerned. It is quite interesting to analyse this and see what the effect has been in all parts of Canada. I might say these figures are from the dominion bureau of statistics daily bulletin of May 29, 1958, which gives the cash income by provinces for the years 1940-57. We have added the current figures.

In 1958, in Prince Edward Island, cash income amounted to $28,730,000 which was the highest cash income ever earned in Prince Edward Island except for one year. The same is true of Nova Scotia, where the cash income received was the highest except for the year 1956, when I guess they had a good apple crop. It was about $750,000 less than that year.

Mr. Pearson: Would the minister put these figures on the record?

Mr. Harkness: I should be very glad to file this document and have the figures printed in *Hansard*. I wonder whether the committee would be agreeable to having this done?

The Chairman: Does the committee agree to having these figures printed in *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: The figures referred to above follow:*]

Table 1—Total Farm Cash Income from the Sale of Farm Products, by Provinces, 1940-1957[1]
(thousand dollars)

	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada[2]
1940	7,155	14,761	16,016	114,421	215,774	63,916	156,698	125,574	30,757	745,072
1941	7,619	17,233	18,416	138,220	274,503	84,626	178,488	155,322	35,899	910,326
1942	11,372	22,250	23,588	172,351	357,848	111,233	230,739	188,570	45,026	1,162,977
1943	13,959	26,244	29,714	192,246	389,083	149,244	339,560	234,415	57,192	1,431,657
1944	13,694	28,604	32,106	213,791	410,710	173,532	545,680	346,763	67,588	1,832,468
1945	16,100	26,873	33,417	225,821	442,625	151,483	408,653	293,808	72,469	1,671,249
1946	15,803	33,507	33,968	233,760	461,733	166,496	401,233	287,728	75,265	1,709,493
1947	17,167	32,277	35,960	272,717	535,194	181,793	440,452	347,937	84,824	1,948,321
1948	21,352	33,923	42,284	332,673	650,290	246,545	550,616	444,064	93,674	2,415,421
1949	20,486	32,244	40,375	320,877	652,269	247,233	579,065	447,742	90,046	2,430,337
1950	21,577	34,582	41,310	335,262	650,083	199,207	422,480	361,727	91,364	2,157,592
1951	24,581	40,235	42,376	394,941	800,666	278,104	644,156	463,461	104,586	2,793,106
1952	31,881	37,585	48,270	395,026	770,675	250,410	715,577	510,995	103,855	2,864,274
1953	22,809	38,087	40,388	371,103	749,106	222,923	745,669	491,416	106,294	2,787,795
1954	24,356	41,082	42,897	382,953	726,397	191,027	470,703	391,353	107,086	2,377,854
1955	26,054	40,139	40,639	398,855	766,237	181,315	449,338	375,187	105,772	2,383,536
1956	26,626	44,423	49,288	389,499	790,496	213,775	599,063	439,165	116,189	2,668,524
1957	24,509	41,955	44,813	387,915	791,477	204,350	539,431	441,645	117,753	2,593,848
1958	28,730	43,722	48,147	424,607	873,287	230,713	595,457	503,155	121,601	2,869,319
	H	H-1	H-2	H	H	H-4	H-4	H-1	H	H

[1] Includes supplementary payments.
[2] Excludes Newfoundland.

Mr. Harkness: When we come to New Brunswick we find that the total of $48,147,000 was exceeded only in 1956 by about $1 million, and in 1952 by $100,000 odd. In the province of Quebec, one of our bigger agricultural provinces, the total is the highest in history, $424 million. The same is true of Ontario, with $873,287,000 of cash income.

The highest previous figure was in 1951, when it was $800 million. In succeeding years it has amounted to $770 million in 1952; $749 million in 1953; $726 million in 1954; $791 million in 1957. Last year it amounted to $873 million. In Manitoba there were only four previous years in which cash income was higher, 1948, 1949, 1951 and 1952. In Saskatchewan there were four years in which income was higher, 1951, 1952, 1953 and 1956. In Alberta there was only one year in which income was higher; that was 1952. In British Columbia, last year was the highest on record. For the country as a whole, of course, this is by far the biggest cash income we have ever had in Canada.

I think these figures are very significant Mr. Chairman. They indicate that a great deal of the talk we have heard about agriculture in 1958 being in a poorer condition than in previous years is incorrect. Agriculture in 1958 was in a better position than in any year since 1953, and I think the figures I have just given the committee are sufficient to indicate that this is the case. I should like to point out also that in 1958 cash income increased by 10 per cent in comparison with 1957; by 7½ per cent as compared with 1956; by 20 per cent as compared with 1955, and by 20 per cent as compared with 1954.

At the same time the cost of the goods and services which farmers have had to buy or use increased in 1958 by exactly 1.2 per cent. In other words, the increase in the expenses which farmers have had to bear was considerably less than the increase in their gross income; which means, of course, that their net income has considerably improved. We have no figures yet as to net income, but when those figures come out there is no question but that net income will show a very considerable improvement.

Mr. Pearson: Would the minister permit a question? That comparison of real income with 1951, 1952 or 1953 would not show an improvement?

Mr. Harkness: As far as Ontario and Quebec are concerned I think it would. I have not calculated it. As far as the western provinces are concerned it would not. But real income and other incomes were certainly better in 1958 than in any year since 1953.

[The Chairman.]

It is interesting to look at the statistics with regard to the index of the prices of commodities and services used by farmers. I have had a list prepared which shows not only the index numbers but the percentage increase in costs from one year to another. When we look at these figures we see that a big increase in costs took place between 1946 and 1947 when the cost of the goods and services for which farmers have to pay went up by 8.5 per cent. The biggest jump of all was between 1947 and 1948, when the cost of goods and services went up by 16 per cent in that one year. Then follow two years in which they went up by a little more than 3 per cent each year. Between 1950 and 1951 we find they were up by 9.3 per cent, another big jump, and from 1951 to 1952 by 5.7 per cent. Then we find two years, 1953 and 1954, during which costs fell by about 1 per cent in each year. In 1955 we find costs going up a little, one half of one per cent, 3.9 per cent in 1956. In 1957 it was 3.4 per cent and then in 1958, 1.2 per cent.

It is quite easy to see from these figures in which years the big increase in farm costs took place. It was during the years up to and including 1952. From then on the increase in costs has been nothing like as marked as it was before and, as I say, last year it amounted to only 1.2 per cent.

This table is of value because I think there are some very serious misconceptions with regard to the rate at which the cost of goods and services for which farmers have to pay has increased, and also in regard to the times at which these increases have taken place. There is one other point I think I should make. These index numbers respecting the prices of commodities and services used by farmers have been prepared for Canada as a whole. There is a separate index for western farmers. The figures it shows are similar to the figures in the index for Canada as a whole. They are a little bit lower. For example, as to the average in 1958 for all Canada, the index number is 258.9. For western Canada it is 256.6.

One thing I think I should point out is that the index for western Canada, which is the best official index that can be used, does not give the true picture with respect to grain production, particularly wheat production. The error in it is owing to the weighting which is given to the labour factor. The economics branch of the Department of Agriculture have produced another index which gives, on the basis of a sampling, how much labour cost western grain producers, wheat producers particularly, and how they are making use of the amount of labour they use. They have a labour rating of

1.2 per cent rather than the D.B.S. rate of 13.9 per cent. Actual investigation as to the amount of labour employed by wheat producers shows that it comes to 1.2 per cent of their expenses rather than the 13.9 per cent which D.B.S. assigns with regard to labour costs.

I might say, of course, that this D.B.S. index is the best official index. It is generally known, however, that the index is out of date and that it is being revised at the present time. I think that is the thing we should keep in mind. The actual true index of the cost of goods and services used by farmers as prepared on the basis of the sampling done by the economics branch is 211.4 rather than 256.5 which is given in the official index.

I have here an interesting table. I do not think I had better take the time of the committee to go over it. Besides, it is extremely difficult to put the point across unless you actually have the document in front of you or are using a blackboard. However, I have here quite an interesting table showing how these various indexes are arrived at and the weighting which is given to each of the factors such as machinery, labour costs, seed, fertilizer and so forth.

At this point I should just like to say that a considerable amount of work is being done in order to improve the statistics with regard to agriculture. There is no question but that a great deal of improvement can be made in that matter. I find that one of the complaints of delegations that come down here is that the statistics with regard to agricultural matters, and particularly with regard to production, are not adequate and thus do not enable them to form judgments as well or as correctly as they would like to be able to form them.

In connection with what I have just said about these index numbers I should like to say that of course no blame attaches to anybody for using the indexes which have been supplied. However, I should like to point out that they do not really give the true picture with regard to western grain production. They tend to distort the matter and show a worse situation than that which actually exists with regard to western wheat producers.

Speaking generally, Mr. Chairman, I make no claim that the farmer is in excellent shape. Anybody who did that would be foolish. I make no claim that there is no reason for concern over the farmer's economic situation. The very reverse is the case. The farmer was in a severe cost-price squeeze for several years up to 1958. Since we have been in office over the last 20 months we have followed a long range plan to improve the farmer's position. It will, of course, take time to implement all of this plan, and it will take more time for the effects of the reforms we are making to be fully felt and fully apparent.

The first big step we took in our agricultural program was the passing of the Agricultural Stabilization Act, which during the last year has had an important effect in maintaining and improving the farmer's income. I will not say more on that matter at the present moment.

The other main features of our long range farm program have been mentioned here previously. I will merely indicate them once more. One is an improved system of farm credit. As everyone knows, its was indicated in the speech from the throne that legislation in that regard would be brought in during this session. The same thing applies to a system of crop insurance. Another important matter is soil and water conservation. We have already taken steps in regard to that matter. A final and extremely important matter is that of rural redevelopment in order to look after the farmers on small subsistence farms. According to the last census report, something like 38 per cent of all our farmers had cash incomes of less than $1,200 a year. That is gross income, not net. They had a gross income of less than $1,200 a year. As everyone realizes, that amount is not nearly sufficient to support a farm family. We must take measures to improve the situation of that large segment of our farming population.

The farm situation today, Mr. Chairman, is still far from satisfactory, but—and I should like to emphasize this point—we have made considerable progress. From some points of view 1958 was the best year agriculture has ever had. Certainly it is the best year since 1953 from almost every point of view. Some of the farmers on the prairies say this may be true for eastern livestock and dairy men but not for western grain producers. It is true, Mr. Chairman, that the western farmers had better years in 1951, 1952 and 1953, but those are probably the only years that were better than 1958 as far as western farmers are concerned.

I have here a table which gives the average cash income for farmers from 1951 to 1958 inclusive. It shows that in 1958 the cash income in Manitoba, for example, was better than in any year back to 1953, and was exceeded only in 1951 and 1953 and just barely exceeded in 1952 by about $30 a farm. In 1958 the average cash income in Manitoba was $4,814 a farm. In Saskatchewan the average cash income in 1958 was $5,958 a farm, which was higher than in any year except 1951, 1952 and 1953. In 1954, for

example, the average cash income was $4,406 per farm. In Alberta the average cash income in 1958 was $6,495 per farm. That figure is the highest on record. As far as Alberta is concerned it indicates the great value of diversified agriculture. In Alberta you have not the dependence on wheat that you have in Saskatchewan. You have a much greater diversification in agriculture, with specialty crops in the irrigated areas and so on. This diversification explains the fact that the average cash income in Alberta is considerably better than that in Saskatchewan and very much better than that in Manitoba.

These figures with regard to average cash income as far as the three western provinces are concerned I think indicate fairly well that 1958 was a reasonably satisfactory year, and particularly that it was a much more satisfactory year than 1954, 1955, 1956 and 1957.

All, this Mr. Chairman, makes one wonder why there is so much complaint at the present time, and in some quarters, so far as the situation of agriculture is concerned. A great deal of the complaint which is coming forward at the present time, I submit, should have come forward in past years rather than now, when the situation is considerably improved over what it was in 1954, 1955, 1956 and 1957.

Mr. Forbes: May I ask the minister a question?

Mr. Harkness: Yes.

Mr. Forbes: Is the minister referring to net income or gross income?

Mr. Harkness: Those figures are for gross cash income.

Mr. Forbes: I should like to remind the minister at this point that a man's fuel and repair bill could easily amount to the figures he has given.

Mr. Harkness: I beg your pardon?

Mr. Forbes: A man's fuel and repair bill could easily amount to the figures the minister has given.

Mr. Harkness: Mr. Chairman, all I can do is give you the statistics to indicate what farm income has been in past years, and to point out that the average cash income in 1958 is considerably better than it was in the four previous years. In the case of Alberta, at least the cash income is higher than it was in any previous year. So far as the figures I have are concerned, they indicate a better position with respect to cash income for farmers across Canada, and they are at an all-time high for this particular year.

Mr. Argue: Will the minister say what the forecast is for 1959?

Mr. Harkness: I have not come to the forecast for 1959. We are dealing with the situation in 1958 now.

Mr. Argue: Your officials say it will be worse.

Mr. Harkness: The officials, as a matter of fact, have not made any such prediction.

Mr. Argue: I have it in my hand.

Mr. Harkness: I have the January bulletin, too, and they say the situation, so far as hogs are concerned, is not going to be as good as it was in 1958; that is quite correct.

Mr. Argue: They say much more than that.

Mr. Harkness: As a result of that the net income, not definitely but probably, will not be as good as it was in 1958.

Mr. Argue: In other words it is getting worse.

Mr. Harkness: We are talking now about 1958. The hon. member for Assiniboia said all during 1958 that the situation was far worse than it had been before. He went all through the country in 1958 saying we had done nothing for agriculture and that the agricultural situation was much worse than it had ever been before.

Mr. Argue: I said you had not kept your promises.

Mr. Harkness: Every statistic shows the agricultural situation in 1958 was better than it was in 1954, 1955 and 1956.

Mr. Argue: These fabricated ones that were brought in this morning.

The Chairman: I regret having to interrupt the minister, but his time has expired. Has the minister unanimous consent to continue his remarks?

Some hon. Members: Agreed.

Mr. Harkness: Thank you, Mr. Chairman. The stock in trade of the hon. member for Assiniboia is going around the country saying how bad conditions are, and he does not like to hear these statistics which show that 1958 was a considerable improvement over past years.

Mr. Argue: Is that why the mass delegation is coming to Ottawa.

The Chairman: I must remind hon. members on my left that the minister has the floor, and will they kindly make their remarks in as low a voice as possible.

Mr. Harkness: I may say that all the statistics I have been able to get, and I am

sure all the statistics hon. members opposite will be able to get, indicate that 1958 was an improved year for agriculture. For example, retail sales are a fairly good indicator. They are at an all-time high in the prairie provinces. I have a list of them here. Retail sales for the prairie provinces as a whole in 1958 were $2,905 million; in 1953, the year to which most people in the west look back as a very good year for agriculture, the retail sales were $2,509 million, about $400 million less than they were last year.

Then if we take the various provinces, we find that in Manitoba the figure was $755 million, the highest figure on record. In Saskatchewan it was $901 million, very considerably the highest figure on record for retail sales. The previous high was in 1957 when the figure was $859,800,000, in 1953 they amounted to $845 million. In Alberta retail sales amounted to $1,248 million, and in 1953 to $987 million. In other words, retail sales in that province were up $260 million.

Mr. Argue: Would the minister permit a question?

Mr. Harkness: Yes.

Mr. Argue: Would those figures include retail sales made to everyone or just to agriculture?

Mr. Harkness: No, those are the retail sales made in those three provinces. However, I should like to point out to the hon. member, as he is always pointing out and as is true, that agriculture is the basic industry of these three prairie provinces. The great majority of the people in the three prairie provinces derive their living, either directly or indirectly from agriculture. Therefore if agricultural income is not relatively good, there is not the money available in those provinces to buy goods and services. The fact that the amount of goods and services purchased there was considerably higher in 1958 than in previous years indicates that the situation was not nearly as desperate as the hon. member for Assiniboia is constantly trying to make out.

Now we may go to another statistic which is a pretty good indication of how good or bad the situation is, and that is passenger car sales. We can examine what they were for several years back and make a comparison. The value of new passenger automobiles sold is at a new all-time high in the three prairie provinces. Total sales were $208,708,000 in 1958; in 1953, $182 million; in 1954, $137 million; in 1955, $156 million; in 1956, $180 million; in 1957, $204 million, and last year, as I have said, $208 million. The only province in which sales are not considerably up over any previous year is Saskatchewan, where they are higher than any time since 1953. These statistics indicate that the farm population is not starving to death; otherwise we would not have statistics of this kind.

Another thing at which I think we should look is the value of farm implements purchased in 1958. These figures are the highest since 1953. They do not, of course, go to anything like the levels of 1951 and 1952, when farmers were re-equipping themselves and completely mechanizing their operations. Most of that machinery is still in good shape and in operation. In 1958 the value of farm machinery purchased in the three prairie provinces was $94,578,000; in 1954 it was $80 million; in 1955, $75 million; in 1956, $92 million; in 1957, $77 million. Once again we find a very considerable volume of farm implements was purchased in 1958.

We have heard, Mr. Chairman, in this chamber and in other places, a great deal about the cost of production of agricultural commodities. It has been taken for granted by many people, I believe, speaking on agricultural matters that the farmer was not getting the cost of production so far as many commodities were concerned. It may be true that some farmers are not getting the cost of production at the present time, and it may be true as far as some commodities are concerned that the cost of production as a whole is not being secured. But by and large that statement, from the investigation we have been able to make, is not correct.

During the last year and a half in the Department of Agriculture, particularly in the economics branch, we have done a good deal of work on cost of production, and other people have also been working on that problem. Quite a few surveys have been made as to what is the cost of production for raising wheat, for raising hogs, for producing milk, for producing eggs, and so forth. A series of studies by J. W. Clarke of the Kindersley vocational farmers provide information on cost of production as far as wheat is concerned. It shows a wide variation in cost between small and large farms. An allowance of 5 per cent interest on capital and a $3,000 operator's wage was made, in addition to other operating costs. In 1955 the cost per bushel varied from $1.39 for the group of small farms to 72 cents for the group of large farms. That is the cost per bushel of producing wheat in the area he was studing in that year. In 1956 these costs were $1.37 and 97 cents respectively; in 1957, $1.44 and $1.21 respectively.

I would like to emphasize what I said a little earlier, that these studies show a terrific variation in cost between small and large farms. When you come to the cost of

production per bushel you also have an extremely wide variation, depending on what the yield was in the particular year you are dealing with. If you had a high yield the cost of production per bushel is quite low; if you had a low yield the cost is high. These figures indicate some of the difficulties of trying to arrive at the cost of production per bushel of wheat. It varies terrifically from area to area, from farmer to farmer, from type of soil to type of soil, and from year to year.

The studies of the economics division indicated a variation similar to the studies conducted by Mr. Clarke. In these studies an allowance of 5 per cent on capital and $2,400 for the operator was made. In 1954, with high productivity soil—and in this case we put it on cost per acre rather than cost per bushel—the cost per acre varied from $36 on small farms to $22 on large farms. With medium productivity soil for the same year the cost varied from $28 on small farms to $16.50 on large farms. In 1955 with heavy soil it varied from $26.50 on small farms to $17.50 on large farms. These cost of production figures as far as wheat is concerned, Mr. Chairman, I think are quite interesting.

As far as the costs produced by Mr. Clarke in his studies around Kindersley are concerned, as I say he allowed in these costs 5 per cent return on the capital invested. In 1954 on farms up to 480 acres the cost per bushel was $1.26. In the range from 481 to 960 acres the cost was $1.14, and in larger farms of 961 acres and over it was $1.08 and an average of $1.16. That was with a yield on summerfallow of 21 bushels, and on stubble of 14 bushels. In the next year, 1955, with the same area farms the average cost instead of being $1.16 per bushel was 72 cents a bushel. Why? Because the yield was 27 bushels on summerfallow and 20 bushels on stubble. In 1956 the average cost was 80 cents a bushel, and in 1957 the average cost was $1.03 per bushel. Kindersley is a good area, as I think all members from Saskatchewan will agree, and the yields there have been relatively good.

What these cost of production figures show, however, is that as far as farmers in the Kindersley area are concerned they have all been making good money in the past several years, because if you figure 5 per cent return on their capital invested you still get $1.16, 72 cents, 80 cents and $1.03 per bushel cost of production of their wheat; and during that period they sold their wheat at considerably better prices than that. The studies carried on by the economics division of the Department of Agriculture indicate what were the costs—and these are quite interesting—of producing a bushel of wheat on medium sized farms with high and medium productivity soils in the years 1939, 1947, 1954, 1955 and 1956. The result of this study shows that the cost of producing a bushel of wheat in 1939 with a high productivity soil was 61 cents. In 1947 it was 88 cents; in 1954 it was $1.12; and in 1955, $1.11. With medium productivity soil for 1939 the cost was 95 cents; for 1947, $1.18 cents; for 1954, $1.27 and in this case, for 1956, $1.13.

Mr. Argue: Might I ask the minister to clarify a point? Can the minister say on what basis the farm operator's labour is calculated?

Mr. Harkness: It was on the basis as indicated before, an allowance of 5 per cent on capital and $2,400 wages for the operator. In other words these costs include 5 per cent on capital and $2,400 for wages. What these cost of production figures indicate, as I said before, is the great variation, more than anything else, from farmer to farmer, from area to area and from year to year, depending on what the yield has been.

We have also carried on extensive studies on the cost of production of other commodities. I have one study with regard to hogs, and I would like to say something about it because I am sure hon. members will be interested. This cost data was secured from areas in Quebec, Ontario and Alberta. They are the three big hog producing provinces. As far as Quebec is concerned, the Quebec department of agriculture has carried on complete cost account studies on 25 farms throughout the province since 1956, and that was the data we took and used, having been collected by the Quebec department of agriculture. As far as costing is concerned, farm grown grain was charged at the farm cost and skim milk at 25 cents per hundredweight. In the 1956-57 report the operator's labour was counted in at $150 per month. In 1956-57 the cost of producing hogs averaged $16.25 per live hundredweight in the province of Quebec, and ranged from a low of $7.81 to a high of $29.18. This gives you some idea of the terrific difference in cost which you get from one farmer to another. These are all farmers who kept records.

Mr. Gour: When you find the name of the farmer who produced at $7.81, I would like to know it.

Mr. Harkness: I presume I could find the name. I am putting these figures on record to show the marked variation one finds in the figures given for cost of production, and in order to show how unreliable they are in some instances.

Mr. Gour: That gentleman has never been born.

Mr. Harkness: These are the figures which were collected during a survey made by the Quebec department of agriculture. I intend myself to point out a striking disparity in these figures—

Mr. Boulanger: Where was this survey made?

Mr. Harkness: These are figures supplied by various farmers scattered over Quebec. In any event, as I say, the average cost of production on all the farms was shown as $16.25. The largest cost item was for feed, which averaged 78.6 per cent of the total cost in 1956-57 and 80.7 per cent of the cost in 1955-56.

Now we come to Ontario, and the data used in this report were obtained from studies conducted by the farm economics branch of the Ontario department of agriculture for the years 1955 and 1956. A total of 50 records were obtained in the counties of Waterloo, Perth and Wellington. I may say that family and operator labour were charged at the current rate of average hired male wages, including board, in the area, and that an additional allowance of 20 per cent was charged in respect of the operator for management. These charges are all included, and in 1956-57 the cost of producing hogs averaged $14.06 per live hundredweight and $33.70 per pig for the feeder plant as compared with $15.67 per live hundredweight and $31.34 per pig for the combined enterprise group where they are raising the pigs themselves from brood sows.

Once again the largest item of cost was feed. In 1956-57 it averaged 84 per cent of the total cost per hundredweight for feeder plants and 79 per cent for combined enterprise farms where the pig is raised from birth. These figures are further broken down. The cost of feed in 1956-57 was $11.83 for the feeder plant and $12.44 for the combined enterprise. In 1955-56 corresponding figures were $11.55 and $12.83.

We turn now to Alberta. In this case the summary is taken from the mixed farm cost studies conducted by the Alberta department of agriculture. Cost data were obtained from 50 farms in central Alberta during the period from 1951 to 1955. The years are not exactly the same, except for the last year. The costs for the most recent year shown, 1955, were adjusted to 1958 rather than using the five year period figures in order to arrive at comparable figures for Alberta as compared with Ontario and Quebec. This study shows that the average cost of producing hogs on a herd basis per 200-pound hog in 1958 was $35.83. On a hundredweight basis this was $17.92. It was thus slightly higher than the average cost of $17.58 in 1955. But when one comes to consider the cost of feed one finds that in Alberta, in 1955, all feed amounted to a total of $22.10, and that in 1958 the cost was $21.86. According to the Ontario study the cost of feed is just about half that sum. The cost in Ontario is shown as being $11.83 and $11.55.

It is quite clear that this is wrong, because everyone knows the average cost of feed is less in Alberta than in Ontario. After all, the feed has to be shipped from Alberta to Ontario. It has to be moved from the farm and put into the elevator. There is the handling charge to be paid. In addition there is freight, though of course the subsidy carries a large portion of that. However, one has only to look at the cost of a bushel of wheat or barley in Alberta as compared with the cost in Ontario to see what the difference is. Yet these cost of production figures show that the cost of feed in Alberta is much higher than it is in Ontario, an indication that it is almost impossible to arrive at anything which can be considered as scientifically accurate in these cost of production figures and studies.

We in the department have been carrying on such studies for the last year and a half with respect to various commodities. We have done a great deal of work on them, but I would hesitate very much about putting them out as being definite, reliable and dependable. Here we have a great variation in the results of studies carried out by different departments of agriculture showing a wide variation in their figures. It is quite apparent that the Alberta figures and the Ontario figures cannot both be right.

One of the reasons I mention this matter is that there is such a widespread demand for cost of production studies to be carried on and for support prices to be related to the figures produced by these studies. We have been doing our best and producing the most reliable figures we can. However, I call attention to this particular difference in connection with hogs to show how difficult it is to reach a reliable figure concerning cost of production.

One other thing I should like to say before I leave the subject is this. All these figures as far as hogs are concerned show that the cost of production, including wages, was lower than the floor price, in other words that the floor price is higher than the cost of production on any figures produced. I think that is significant.

I had intended to say something about the operation of the agricultural stabilization board and about irrigation, drainage work and P.F.R.A. work generally, in addition to touching on various other matters of interest

in the department, but I think it would be unfair for me to impose on the time of the committee any further, and that it would be better to go into these matters as they arise under specified items.

(Translation):

Mr. Boulanger: Mr. Chairman, I was very much interested in the remarks of the Minister of Agriculture (Mr. Harkness). He gave us a splendid outline of farm conditions in 1958. He also made interesting comparisons with previous years. However, I think he forgot to tell us a most important thing. He forgot to say that the results obtained were due to the wise and considered policy applied by the Liberal government during 22 years of administration. I am willing to admit that the Liberal party did not find a cure-all for all the ills of agriculture, because the Liberal party is as humble as it is great. However, it is recognized that the farming industry in Canada has developed considerably under the Liberal administration which was led by honest and sincere men who only wanted the best for the country as a whole.

The Minister of Agriculture—

(Text):

Mr. Horner (Jasper-Edson): That is really stretching it.

Mr. Henderson: You mean Gardiner?

Mr. Boulanger: He is a better man than anyone you have, anyway.

Mr. Henderson: No, sir; you are wrong.

(Translation):

Mr. Boulanger: If the hon. member wants to rise and ask a question—

(Text):

Mr. Henderson: I come from a district—

The Acting Chairman (Mr. McGee): Order. The hon. member for Drummond-Arthabaska may proceed.

(Translation):

Mr. Boulanger: Mr. Chairman, I am glad to find that the simultaneous interpretation system is working very well.

Mr. Pigeon: Thanks to the Conservative government, and to the Prime Minister.

Mr. Boulanger: Mr. Chairman, in the remarks he made during the debate in reply to the speech from the throne as well as in his latest statement, the Minister of Agriculture has tried to list all agricultural legislation passed in the two years his government has been in power. He even went further, and referred certain bills adopted by the Liberal administration. We are happy and appreciative about it. We are sincerely convinced of having done something for our farmers.

The Minister of Agriculture has detailed the new bills which the government intends to submit to this house: to amend the Canadian Farm Loan Act, to introduce a crop insurance plan, to set up a soil and water conservation project, to institute a program for the re-development of certain farming districts, to extend our export markets, and so on.

I would ask the minister that when he introduces those bills, he let us have advance copies of them at least a week before they are discussed. The part of his speech to which the hon. gentleman seems to have given greatest emphasis is the listing of farm products that are being sold at higher prices than in other countries. He was very happy to announce that the value of products sold by farmers had risen in 1958.

Wheat prices are the only ones to remain lower than those obtained by farmers in other countries. Yet, wheat represents the main source of income of western farmers. The minister did not dwell at length on the wheat problem. I am sorry I have not any figures on hand, but I am sure I can safely say that Canadian wheat prices only come in twelfth place in comparison to prices obtained by producers in other countries.

In his speech on the address in reply, the hon. Minister of Agriculture closed his enumeration with a list of payments made directly to the farmers in 1958. He told us then that under the following measures the government had paid these amounts to Canadian farmers:

Payments to western farmers	$42,000,000
Prairie farm assistance	$25,000,000
Prairie farm rehabilitation	$17,285,988
Maritime marshland rehabilitation	$ 2,275,000
Premiums on high grade hogs	$ 6,630,000
Freight assistance on grains ..	$21,000,000
Farm price stabilization	$15,000,000

Thus, the federal government has paid to our farmers in 1958 some $166 million.

Mr. Chairman, this increase in the net income from the sale of farm products, as well as the payments made to farmers under the various acts I have just referred to, are the result of Liberal policy, as I said previously.

A good portion of this increase in income is the result of increased sales of our beef cattle to the United States, at a better price and that, thanks to an agreement concluded by the Liberal government. However, the hon. Minister of Agriculture may take credit for that, if he so wishes.

There are, however, other facts on which the minister did not elaborate, particularly in regard to the increase in costs of professional service goods needed by the farmers, as compared to the prices obtained for their products.

A moment ago, the hon. minister gave us a detailed series of index numbers, which we are at a loss to understand.

I have also prepared index numbers, which may be found in the reports of the *Economiste agricole*. In the December 1958 issue, it is said that the general index of services used by farmers rose from 251.2 in January 1958, to 262.9 in August of the same year, an increase of 11.7. The increase is even greater in the western provinces, where the index rose from 245 in January 1958, to 262.7 in April 1958, an increase of 17.7.

This increase in the general index of service goods bought by the farmers does not correspond to the decrease of the general index of wholesale prices of farm products, which was down to 231 in 1957, the lowest level ever reached since 1948. For the first seven months of 1958, the index improved somewhat and reached 238.

If we consider the practical aspect of the matter, we come to the conclusion that the farmers now get 44 cents per dollar spent by the consumer for the purchase of food products of Canadian origin, whereas according to the Prime Minister's very words, reproduced in the Ottawa *Journal* of April 27, 1957, following a speech he had delivered at Newcastle on April 26, 1957, he got the following:

(Text):

"Between 1951—1952", he said, "the farmer's share of the consumer price dollar dropped from 59 cents to 51 cents.

It is now 44 cents.

An hon. Member: That is what you say.

(Translation):

Mr. Boulanger: Those are figures that the Minister of Agriculture was afraid to mention, but that he will have to put in the records of his department, as a contribution to the development of Canadian agriculture.

And there will be yet, during this session, Conservative members—even among the 71 who represent the western provinces—to support and commend the agricultural policies of the government and of the Minister of Agriculture.

Mr. Chairman, the time of boasting is passed, and it is now time, more than ever, to act.

Mr. Pigeon: That is precisely what the government did.

Mr. Boulanger: I understand that the government—

(Text):

Mr. MacLean (Winnipeg North Centre): Will the hon. member permit a question?

Mr. Boulanger: After I have finished it can be arranged.

The Acting Chairman (Mr. McGee): Order. If the hon. member for Drummond-Arthabaska wishes to yield the floor he may. Otherwise he has the floor.

(Translation):

Mr. Boulanger: Mr. Chairman, the time for bragging is over, as I was saying just a moment ago. I understand that the government, and particularly the Minister of Agriculture, after their heady victory in March 1958, felt they were supermen and thought the administration of Canada raised no greater problems than were involved in winning an election through irresponsible promises.

I should like to recall a few of the premises made by the Prime Minister in a speech he delivered at Brantford on May 9, 1957, as reported the same day in the Ottawa *Journal*. The Prime Minister then stated:

(Text):

If elected to power the Conservatives will take action to improve the condition of agriculture so that farm people may successfully re-establish their rightful position in our economy.

(Translation):

I hope the members will go on cheering till the end.

(Text):

Maintain a flexible price support program to ensure an adequate parity for agricultural producers, based on a fair price-cost relationship.

Place a formula in the Agricultural Prices Support Act for arriving at support prices. It would allow for variation in production and demand for individual products.

Establish support prices in consultation with farm organizations to be announced each year well in advance of the production period.

The Conservatives would seek effective trade agreements with other countries and make use of vigorous marketing and advertising programs.

They would extend and ease farm credit policies. They would work with the provinces in establishing a proper program of soil and water conservation on a national basis.

At Minnedosa, Manitoba, on May 16, as reported in the Toronto *Daily Star* of May 17, he said:

To farmers whose family income has dropped from $3,600 to $3,000 since 1951, while the average income across Canada has risen from $4,100 to $4,900, action must be taken to reverse the continuing decline in farm income. The farmer was the forgotten man in Canada and only a Conservative government could restore the prosperity he once enjoyed.

(Translation):

Now we can see that all this amounted to no more than big words and irresponsible, foolish promises designed to pick up votes.

What action is the government taking to stop the soaring prices of goods and services used by farmers, when the index, which was at 247.6 in 1956, rose to 255.8 in 1957, and stood at 262.7 last April? Where will the index stand when you add the 17 per cent boost in freight rates? According to the *Manitoba Co-Operator*, it will cost $450 more for the transport of a combine from Ontario to Brandon, Manitoba; $280 for a tractor with four plows; $55 for a raker and $30 for a mower. Where will the index stand after you pile on the increased taxes, loan interest and the 8.2 per cent increase in handling cost of food products, and the 30 per cent increase in handling and grading costs for eggs?

It was not without reason that the chairman of the commission on price spreads stated last November 12 that farmers are able to stay on the farm only by ignoring the depreciation on their equipment and by living, in effect, on their capital. Such persistence is seldom seen in other fields of activity.

Again, farmers will be the ones to bear the burden of such an increase, particularly those of average income. They will again have to tighten their belts, because farmers are not in the category of those who can pass on to consumers the increased costs of services they use.

When the government decided to approve higher freight rates, it took into consideration the difference between wages paid in other industries and those paid to railway employees, but took no account of farmers' incomes.

I ask the government just what was meant when during the last two election campaigns, the Prime Minister and his supporters said that the Conservatives would give back to the farmers their fair share of the national income.

It is interesting to thumb through copies of *Hansard* for the year 1956. You will find in them the finest speeches ever made on parity prices and on the farmers' right to a fair share in the national economy. Those speeches were made by the Prime Minister who was then Leader of the Opposition.

Here is what he said, according to page 2021 of *Hansard*, English text, of March 12, 1956:

The squeeze which the farmer suffers results from the disparity in the relationship between the prices of farm products and the prices the farmer has to pay. When they are in proper relationship parity is established, and it is parity that the farm organizations across this country are asking for today.

He then made the following proposal:

In the opinion of this house—

Those were promises made by the present Prime Minister when he was Leader of the Opposition.

I come now to the motion he moved in this house on March 12, 1956:

In the opinion of this house consideration should be given by the government to the advisibility of introducing during the present session legislation to create a parity of prices for agricultural products at levels to insure producers a fair price-cost relationship.

That was the attitude taken by the Prime Minister when he was leader of the opposition.

Yesterday's cream has turned to to-day's curds.

Mr. Chairman, farmers cannot tighten their belt any more than they have done. We have come to a point that will lead us to the failure of the farming class and to a breakdown of our general economy unless drastic action is taken to safeguard our family farms, the backbone of our economic system.

This will require unity of thought on the part of our leaders. Unfortunately, that is not the impression we get from the statements made by members of the government side, as the hon. member for Lapointe (Mr. Brassard) so ably indicated in his speech of January 22, as found on page 229, English text, of *Hansard*.

The Prime Minister said in Saskatoon, at the opening of the exhibition:

To those who think that in the field of agriculture we have come to a point where expansion is no longer desirable, I shall say this: one

fourth of the world's population goes to bed at night on an empty stomach and we must devise means of distributing our surpluses so that the nations of the world can find happiness.

Before making the gifts he has in mind, he should consult his members from the province of Quebec who said during the last election campaign: "Duplessis gives to his province and Ottawa gives to foreign countries".

On the other hand, the Minister of Agriculture said at the federal-provincial agricultural conference last fall:

There are but two possible ways to prevent the stockpiling of heavy surpluses in sustained farming. One depends on the farmer, the other on the government. Either farmers, as a group voluntarily submit to a production rate as consistent as possible with domestic and foreign needs or the government tries to get the same results by lowering prices. For the time being, we are counting on the voluntary system to restore this balance in certain productions: if we cannot do it that way, we will have to lower present support levels a notch or two.

That is the statement made by a federal minister.

(Text):

Mr. Harkness: Mr. Chairman, on a point of order. I do not know whether or not the hon. member has translated my remarks himself, but certainly the re-translation I am hearing bears very little resemblance to what I said on this occasion. As I said, I do not know as between these translations what the situation is, but if the hon. member translated my remarks into French himself, the re-translation I am hearing is not what I said.

(Translation):

Mr. Boulanger: That quotation, Mr. Chairman, comes from the paper *La Terre de chez nous*, published a few days only after the federal-provincial conference on agriculture. The statement is not mine. If he wants to cast blame on anyone, he should direct it to the paper *La Terre de chez nous.*

(Text):

Mr. Harkness: On that point, I do not know that is the case at all. The translation may be correct, but what I am hearing in my ear is not what I said; that is all.

Mr. Habel: On the point of order, Mr. Chairman, I think the minister should complain to the translation people and not about the member who is now speaking.

Mr. Harkness: May I make this point clear? I was not complaining about the member speaking, I was merely pointing out that what I was hearing was not what I said. I wanted to make it clear that these were not my words and I was not assenting to them as being what I said; that is all.

(Translation):

Mr. Boulanger: The important thing is not whether my words were properly or improperly interpreted but the fact that they are on the record and that they are true.

Such was the statement of a minister of the Canadian government who is moreover, a member of a departmental committee responsible for the disposal of surpluses.

This is irrefutable proof of incompetence on the part of the Minister of Agriculture and of the lack of a real farm policy. This lack of single purpose is the more serious at this time, when Canada's general economy is facing unprecedented difficulties and when unemployment is rising at an alarming rate. Agriculture should be at the very basis of our economy and not its doormat as it seems to be considered by those men who lack unity of purpose.

The number of farmers who leave the farm to swell the ranks of the unemployed in cities is disconcerting. Another cabinet member, the Minister of Northern Affairs and National Resources (Mr. Hamilton),—who might be described as the minister with visions,—said over the radio, in Regina, on January 31, according to reports in the *Western Producer* for February 12 and March 5:

(Text):

This seems to be organized mainly by Mr. Wesson, the head of the wheat pool, and supported to some degree by Mr. Gleave of the S.F.N. There is grave suspicion in the minds of many that the march on Ottawa is not a genuine march of grassroots farmers that rose from the grassroots.

Some comments were made following the minister's speech, and let me give you an example.

The Chairman: Order; I must remind the hon. member that his time has expired.

Mr. Argue: Carry on.

Some hon. Members: One o'clock.

The Chairman: Is it the pleasure of the committee that the hon. member be permitted to continue his remarks?

Some hon. Members: Agreed.

Some hon. Members: One o'clock.

The Chairman: Order. The hon. member will be permitted to carry on his remarks at 2.30. It being one o'clock I do now leave the chair.

At one o'clock the committee took recess.

Supply—Agriculture

AFTER RECESS

The committee resumed at 2.30 p.m.

(Translation):

Mr. Boulanger: Mr. Chairman, I thank the house for allowing me to proceed with my remarks.

When the house adjourned at one o'clock, I was reading from an editorial published in the *Western Producer* last February 12, which reads as follows:

(Text):

If keeping a promise can be described as a "political conspiracy," how would one describe the broken promises of Conservative members from the west? One could be tempted, in a moment of anger, to describe them as political renegades. But, not being given to strong language, let us just say that they suffer from lapse of memory. It is to be hoped that the farm delegation will serve to remind them of the numerous promises they made to those engaged in agriculture.

How different is the attitude of the present Prime Minister from that of a slightly younger politician from Saskatchewan, by the name of John Diefenbaker! In 1942, under similar circumstances, Mr. Diefenbaker addressed huge farm meetings and urged them to "march to Ottawa and demand justice."

What does he expect them to do now, crawl to Ottawa and beg charity?

The whole issue, if it were not so serious, would be amusing. There was truth in the old English ditty, which ran something like this:

When the Devil was ill
The Devil a saint would be,
But when he grew well
Devil a saint was he!

(Translation):

If Canadian farmers' living conditions are as interesting as the hon. Minister of Agriculture made them out, why does he travel to western Canada to set things right? It is simply with the idea of toning down the promises made by the Prime Minister and his candidates during the last elections.

Mr. Chairman, on looking through the magazine *"Conditions and Prospects of the Farming Industry in 1959"*, I find that, according to that publication, the net revenue in 1959 will probably be slightly less than in 1958. It says here that the prices of steers and calves might be lower in 1959, as might the price of lamb. Hog prices during the first nine months will be very much lower than in 1958.

Prospects for the export of hogs are not bright, for production in the United States is being increased and therefore the price stabilization board will go on buying as it has since October 1958.

The demand for beef cattle from the United States will remain firm, but the average price will be less than in 1958.

[The Chairman.]

Those are briefly the conditions which farmers are up against in 1959.

Mr. Chairman, as I said earlier in my remarks, the speech from the throne announced that new legislation was to be submitted at this session. Such new legislation would certainly be of appreciable value, but it would not be a lasting solution to the farm problem, which is in a constant state of flux.

Indeed of what good will the Price Stabilization Act be for submarginal farms?

Was the Price Stabilization Act passed for the purpose of maintaining the level of farm revenues, or for the purpose of increasing prices? Will it bring about production control, as previously intimated by the hon. Minister of Agriculture?

How could one then reconcile the practice of production control with the education and research work being carried out by our experimental farms, laboratories and information services?

What is the good of deficiency payments to farmers who do not earn enough to provide for their families?

What is the good of the farm credit legislation, even improved, if the farmer does not earn enough to meet his yearly payments. I agree there is an urgent need of amendments, but that does not touch the core of the problem.

At its latest conventions, the Liberal party had considered those problems in the light of the new legislation it planned to introduce. A few resolutions were adopted and I am glad to submit some of them to the minister. Besides promoting the setting up of a farm and fisheries development bank, designed to facilitate and increase present credits—a resolution which I personally proposed, and dealt with here on February 2 last—the Liberal party recommended the establishment in each province of an advisory committee on agriculture whose membership would include federal and provincial authorities. That committee would be responsible for studying agricultural problems within the limits of each province and making fair and appropriate recommendations to the federal government.

Those provincial committees would have a hard task but the surveys and recommendations they could make would be tremendously useful.

While I do not wish to minimize the value of the senate committee on land use, I am

inclined to believe that within the limits of its province, a commission such as this would render greater services.

On the federal level, those committees could advise the minister on the setting of prices for farm products.

In every province, there are different problems which require special attention. Thus in the maritimes and in Newfoundland, those studies would be concentrated on fisheries perhaps more than on agriculture. In Quebec and Ontario, a study might be made of land classification and reforestation, while in the prairies, the wheat problem might be gone into.

This morning, in his remarks, the Minister of Agriculture said he was in favour of setting up certain research committees. We shall be glad to co-operate, inasmuch as such committees meet the needs of all Canadian farmers.

(Text):

Mr. MacLean (Winnipeg North Centre): The hon. member stated that he would answer my question when he had finished. He has just made a forceful speech on agriculture. The hon. member seems to be the chief agriculture critic for the Liberal party. Will he tell the committee whether or not he is in favour of the proposed deficiency payments for grain farmers?

Mr. Boulanger: I do not have to commit myself on this. We have already discussed this question and I have given my answer. If you wish to refer to it you can do so.

Mr. Argue: Mr. Chairman, I listened this morning with very great interest to the Minister of Agriculture making a very important statement at this time as to the economic condition of agriculture. I have heard many speeches in this house by ministers of agriculture, and I never thought I would ever listen to a minister who showed greater dexterity with figures than the former minister of agriculture, Right Hon. J. G. Gardiner. However, I see that the present Minister of Agriculture has learned everything the former minister used to know in this respect, and I think has learned even more. Because he has brought in today a conglomeration of statistics, some official, some from provincial administrations, some concocted for this debate from the recesses of the Department of Agriculture, to prove something that every farmer in this country knows is not the case, namely that in some respects the year 1958 was the best year agriculture ever had.

Mr. Harkness: Mr. Chairman, in order to keep the record straight, I did not make that statement. What I said was that it was the best year agriculture had had since 1953.

Mr. Argue: If the minister cares to read *Hansard* he will see the words used by him this morning. But I challenge the general statistics that the minister has used. I challenge his conclusions and I say to him that the very best evidence of the state of agriculture will be shown in this very city on Monday morning by the people who disagree completely with his views, when 1,000 or more delegates from the prairie provinces come here to tell him that his agricultural policy is not as he has painted it today.

Mr. Speakman: Nonsense.

Mr. Argue: He went to great lengths to bring forth statistics to show cash income. He was unable, he said, to bring forth statistics to show net income for 1958; but he did not point out that, in the way he presented it, that cash income in no way took into account the very serious drop in the purchasing power of the dollar in the last ten years. You do not prove the case that 1958 was the best year agriculture has ever had, or even the best year since 1953, unless you take into account the obvious fact that money will not buy as much as it used to. Every other industry, or almost every other industry, has seen year after year a steady increase in its cash income and its net income. Some industries and some people have been in the very favourable position of being able to obtain an increase in real income.

The Minister of Agriculture was not content with bringing forth figures which were alleged to relate to the economic situation in agriculture today, but he went far afield to use retail sales statistics, such as passenger car sales statistics, without taking into account what is obvious to any member who knows anything about agriculture, namely that people who are not directly connected with agriculture have not experienced the difficulties of the farming industry.

The province of Saskatchewan, which is substantially an agricultural province, has enjoyed in recent years a very rapid industrial expansion. Because of the urban and industrial expansion in that province, it is possible for retail sales to increase, for passenger car sales to increase, and for agriculture to remain in a very depressed position. Cash income in 1958 increased, and it increased in the main because we have exported larger numbers of cattle to the United States at higher prices. This is the main central fact in the increase in agricultural income. Can the minister say with any certainty that these exports at this price will be maintained this year?

Mr. Harkness: Yes.

Mr. Argue: The minister says yes, he can assure us of this. We are glad to have that assurance.

Mr. Harkness: I hope the hon. member will not keep trying to put words into my mouth which I did not say. What I do say is that there is every prospect that the exports of cattle to the United States will continue throughout this year at much the same prices as last year.

Mr. Argue: There we have another opinion from the Department of Agriculture. The minister failed in his speech this morning to relate anything to export markets. There was no reference to the difficulty we are having in obtaining a new trade agreement with the Soviet union. There was no reference to the possibility of a continued trade agreement with Poland. The minister knows, I believe, that agriculture in this country today is sitting on a keg of powder which is likely to go off at any time because of the very difficult situation we find ourselves in with regard to export markets, the growing threat to our markets in the United States, and the fact that the government has not come to grips with the central question of inflation and the rising costs of production.

The minister today made a much different speech from the speech which he made in this city on November 12 last. The speech he made today was for the consumption, in the main, I suggest, not of people who know anything about agriculture but of the people who are not acquainted with agriculture. After this speech you will see one editorial after another in the main newspapers of this country; you will see prominent newspaper reports, based on the minister's statement, that agriculture is in a good position, that agriculture is booming, that—

Mr. Harkness: Mr. Chairman—

Mr. Argue: Mr. Chairman, I have the floor and the minister cannot interrupt me.

Mr. Harkness: I am rising both on a question of privilege and a point of order. The member is stating that I said agriculture was in a good situation. I did not say that. What I said in my speech was that no one would say agriculture is in a good position, but it is in the best position since the previous four years. I did not say it was in a good position or was booming, and I object most strongly to the hon. member constantly putting words which I did not utter into my mouth in an attempt to give a completely false impression of what I said this morning.

[Mr. Argue.]

Mr. Argue: Mr. Chairman, when the minister rises again in such a violent and volatile mood I hope he will rise on something which is a point of order. The minister knows from long experience in this house that if he disagrees with what I am saying, or even disagrees with the interpretation which I am putting on remarks of his, then it is his privilege, in keeping with the rules of the house, to rise when I sit down and contradict those statements. It is not the privilege of the minister to rise on what are fictitious points of order in an attempt to interpret statements I am making while I have the floor.

To return to the statement I was making. As a result of the most unfortunate speech which the minister made this morning there will be a great many editorials in the principal newspapers of this country and strong arguments put forward that agriculture is in a good situation, that agriculture is in a much better position than it has been for years. Those editorials and those comments will be misleading to the people who are outside the agriculture industry and to those who do not know the difficult position in which the industry finds itself today.

The industry is in a very difficult position, not only because the cost of production continues to rise and because the minister was unable this morning to give the committee any assurance that in 1959 there will be any improvement, but because this government has no policy for dealing with the problems which confront the farmer. Here is the Canadian Minister of Agriculture making a very important statement in this house in the year 1959 without commenting at all on the problem presented by vertical integration—without commenting at all on the problem of contract farming.

Contract farming, we are informed by the people who are in this business, has taken over in the province of Ontario upwards of 90 per cent of the broiler industry. The great chain stores, the great retail outlets, are moving in on the family farm and elbowing it out of existence, through contracts and through vertical integration what was a very special segment of free enterprise. All this is going on without the Minister of Agriculture having any comment to make.

We intend to wait for the minister to tell us what the policy of the government is with regard to preventing the liquidation of very important segments of agriculture in this country. And lest anybody be under any misapprehension, let me say that I and the group with which I am associated believe that farming in this country is best operated in the hands of the farmer and his family.

An hon. Member: That is a new one.

Mr. Argue: That is not a new one; that has been our policy all the time.

Mr. Habel: On a point of order, I think the Chair should try to stop these blue jays from croaking in the background.

Mr. Argue: I enjoy their interventions.

Mr. Horner (Acadia): Then would the hon. member permit a question?

Mr. Argue: The answer is, no. I enjoy the squawks from over there, because I have observed in recent weeks that it is the most effective contribution many of them are apparently capable of making to the discussion of this very important subject. I am not one who is going to run to the Chair and ask to be rescued from these ineffective and rather ridiculous interruptions.

Mr. Horner (Acadia): Then will the hon. member permit a question? Does he know that there is more land operated by farmers in Saskatchewan who own that land than in previous years.

Mr. Argue: You mean than under the Anderson government—that old Tory government with their horses and buggies—and then under Jimmie Gardiner's political machine? Of course, more and more farms are being placed in the hands of their operators because of the position which the C.C.F. government has taken.

I have been referring to some of the statements which were made by the minister today. The Minister of Agriculture places a lot of statistics on the record including, as I have said, some which he had to get fabricated for this occasion. We have heard the statistics of the hon. member for Essex East—his own personal and private statistics—now we have the personal statistics of the Minister of Agriculture.

Mr. Harkness: These are all official statistics.

Mr. Argue: They are not official statistics at all. The minister stood up and said that the cost of production index of farm commodities as put out by the dominion bureau of statistics was not accurate, and he went on to say that he had some later statistics—some fabricated statistics—which some of the officials had prepared for his speech. And how the minister needed those figures in order to bolster his speech. But the same Minister of Agriculture spoke in this city in November. What did he have to say about agriculture then? He said:

> It is evident that in these circumstances we cannot continue to increase our production of dried skim milk and, in fact, must cut it down.

An he said, further, referring to poultry:

> It is quite apparent that a rate of increase such as this will create in the very near future an impossible marketing and price situation with consequent distress and bankruptcy for many producers.

In November, it will be noted, the minister forecast bankruptcy for many producers.

An hon. Member: Of poultry.

Mr. Argue: For many poultry producers, and that is very important. Yet today the minister says that agriculture is all right. I have said that one of the great omissions of the Minister of Agriculture was that he did not relate his statistics to real income, and I would suggest to him on the basis of the statistics I have—

An hon. Member: Where did you get yours?

Mr. Argue: —and which I have calculated myself—

Some hon. Members: Oh, oh.

Mr. Argue: —because the government has no statistics in this field; for a very obvious reason, that it is evident that in terms of purchasing power the position of the Canadian farmer in 1957 was worse than it had been in any year since 1946. It is indicated that 1958, with the exception of two years, will be worse in terms of real purchasing power than any year since 1946. I do not have to argue that these figures are accurate today because that is the very basis on which the delegation is coming to Ottawa; that because the increase in the cost of production has been so tremendous at a time when prices have either not risen or have fallen, the government must be asked for assistance by way of deficiency payments.

We have heard the Conservative party enunciate its agriculture policy over the years. Since 1940, on a number of occasions in this house the Prime Minister, when he was the hon. member for Lake Centre or the hon. member for Prince Albert, moved motions asking for parity prices, asking for a fair share of the national income for farmers. Lest anyone might think that these were merely private motions put forward by the hon. gentleman, let me say that these motions have been made the official policy of the Conservative party in a pamphlet put out by the Progressive Conservative party national headquarters before the election of 1957 and entitled "Agriculture". On page 8 this document had this to say:

> The following motions have been introduced in the house by Mr. Diefenbaker in order to secure for the farmer a more satisfactory share of the national income:
>
> "Immediate steps should be taken to create a parity of prices as between agriculture and other products in order to improve the condition of Canadian agriculture so that it may receive a just and fair return."

"Consideration should be given by the government to the advisability of introducing in the present session, 1953, legislation to provide floor prices for agricultural production at such levels as to ensure for producers a fair price-cost relationship.

An hon. Member: We did.

Mr. Argue: There is no cost-price relationship in that legislation.

Some hon. Members: Oh.

Mr. Argue: There is no price-cost formula in that legislation. The minister announces the floor prices from year to year under this legislation as he did under the old prices support act. Prices are set at the whim of the government.

In view of all these circumstances, the farmers of western Canada are coming to Ottawa. What are they coming for? They are coming to ask the Prime Minister and this government to fulfil that part of their election program which said they believed in parity prices. They are not asking for full parity prices for farm products; they are asking for deficiency payments which will bring the price of grain upwards toward but not reaching the full level of a parity price. By this means they are asking that the government put a floor price under wheat, oats and barley. They are asking this because of the tremendous increases in the cost of production. They are coming to Ottawa representing people in many occupations on the prairies, representing people in all walks of life, carrying to this capital a petition with hundreds of thousands of signatures.

They have asked the people who have signed the petition to contribute to the cost of the delegation and I read that in the province of Saskatchewan the average contribution toward the cost of the delegation was just over 70 cents. Therefore, they have not found a bag of money; they have not found a mint. People who believe with them that it is a problem that should be brought to the foot of the throne are coming to Ottawa to bring their plea to the government and to the Prime Minister. They are doing this because it is a movement of all the people to try to get a solution to this aggravating problem.

People should not be inferring that this is some kind of undemocratic action. Farmers of the west came to Ottawa in 1910 to ask for action on a grain marketing act to protect them in the selling of their grain as to grade, dockage and weight. In 1942, the farmers of the west came to Ottawa, 400 strong, in February to ask for $1 a bushel wheat. They came to this parliament; they interviewed the government of the day and not very long after they had gone home they achieved an increase of 20 cents a bushel. They are coming now with, I think, the greatest problem that they have ever had, a problem that is tied up with their very survival. Unless this government does two things, namely put a floor under the price of grain and do this by way of a deficiency payment, which is the technique they wish used and prevent further increases in the cost of production, then this industry is threatened.

I for one believe that the grain growing industry of the three prairie provinces is important to Canada. I think our grain export market is important and everything should be done to protect this industry in a reasonable way. I do not mean protection in the classic sense of tariffs and a special income tax protection, but protection by seeing that we put a floor under our products. We should not allow the cost of production to eat away our standard of living. That is why the delegation is coming to Ottawa and I am hopeful that the government will give them—and I believe it will—a courteous reception. I hope the government will give them a very careful hearing.

When I heard the statement of the Minister of Agriculture this morning as he painted a picture—he may not think he painted a picture—of agriculture making rapid improvement and when he went to the Kindersley area, which is not only one of the best farming districts in western Canada—

Mr. Harkness: I said that.

Mr. Argue: The minister did not say this—

Mr. Harkness: I said that.

Mr. Argue: If the minister will just contain himself. This he did not say, namely that in that area in the last few years they have had relatively good crops and much better crops than in most other districts of western Canada. If the minister had come to the constituency of Assiniboia and if there had been statistics on this basis he could have proved exactly the opposite, because we have not had the bumper crops; we have not the tremendous grain carryover that they have in the Kindersley and surrounding districts. Mainly because climatic conditions have been good their crops have been much above average and this is the area in which the major part of the surplus grain lies on the farms. So far as the majority of farmers who are not in this crop area are concerned, their granaries will be swept clean; there will be no farm grain surplus and the farmers, in spite of the fact that in the last 10 years they have had higher than average crops,

are in the position where they are faced with the threat of bankruptcy for their industry.

What has been the attitude of the government members? Have they welcomed this delegation? Have they said it is a good thing; have they said that the farmers have a good cause? No, I have—

An hon. Member: How do you know?

Mr. Argue: I have the record of the radio broadcasts that some of them have been making and the radio broadcast that was made by the Minister of Northern Affairs and National Resources—

Mr. MacLean (Winnipeg North Centre): Talk to the farmers.

Mr. Argue: —on the march to Ottawa as it is being called. They do not put it in its true light, namely that it is a move by the people to ask for correction and assistance from the government, but they look on it as a deep, dark political plot. Oh, the Minister of Northern Affairs and National Resources, in a radio broadcast that was given tremendous coverage and publicity and reported rather fully on page 4 of the *Western Producer* for February 12, had this to say:

> It looks to us as if it has been imposed from the top by a group of C.C.F. ex-M.P.'s and the Saskatchewan government—

An hon. Member: That is right.

Mr. Argue: Somebody said, "That is right". I continue:

> —working in close participation with certain leaders in the wheat pool.
>
> The very people that cuddled up back in 1945 and 1946 to impose on us the British wheat agreement, the C.C.F. and Liberal henchmen, are now cuddling up together to march on us for political purposes.

That is absolute nonsense, Mr. Chairman. It is an insult to the farm leaders; it is—

Mr. Smith (Calgary South): The best part of your speech.

Mr. Argue: That is nice on the record as coming from a western member. It is an insult to the over 200,000 citizens of Saskatchewan who have signed the petition.

Mr. Hamilton (Qu'Appelle): Will the hon. member permit a question?

Mr. Argue: Yes.

Mr. Hamilton (Qu'Appelle): Is the hon. member denying that the Liberals and C.C.F. ganged up in 1945 and 1946 to support the British wheat agreement which cost the western farmers $600 million?

Mr. Argue: That is the most interesting question I have had today.

An hon. Member: Answer it.

Mr. Argue: Instead of talking about the Liberals and the C.C.F. ganging up, as he had alleged, to bring a mass delegation to Ottawa, he wants to go back to 1945. Therefore, the Minister of Northern Affairs and National Resources—

An hon. Member: Answer the question.

Mr. Argue: —has said something which is foolish, ill-founded and untrue, as it is recorded in his speech in the *Western Producer*.

Mr. Hamilton (Qu'Appelle): Answer my question.

Mr. Argue: The answer is no. I have already answered my friend's question.

Mr. MacLean (Winnipeg North Centre): He has not got an answer.

Mr. Argue: The minister went on to say:

> I would suggest that deficiency payments, if you are considering the small farmer, is wrong in principle and dangerous.

So, here, the thousand farmers with these signatures of the vast majority of the farm people in Saskatchewan and petitions from Alberta and Manitoba are coming to Ottawa to ask for something that the Minister of Northern Affairs and National Resources calls dangerous.

Mr. Hamilton (Qu'Appelle): Will the hon. member permit another question?

Mr. Argue: The answer is no.

An hon. Member: You did not like the other question.

Mr. Argue: I will take the minister's questions when I sit down. I will deal with them one at a time and as far as I am concerned we can go on all afternoon.

Mr. MacLean (Winnipeg North Centre): Follow your script.

Mr. Argue: "Follow your script", somebody else says. The *Western Producer*. I am proud, Mr. Chairman, to be a member of the Saskatchewan wheat pool. As a farmer I am proud to be a supporter of the Saskatchewan wheat pool and I am very pleased to be in the position to say that I support the proposals being brought to Ottawa, as do other members of the C.C.F. These farmers are coming to Ottawa because the government has failed them. The Minister of Northern Affairs and National Resources can say that this is the same gang who cuddled up in 1945 and 1946 in something that he thought was a nefarious agreement. I say to him that by and large these are the very same people who voted for him and his colleagues from western Canada in the last

election, who voted for me, who voted for candidates who were elected and candidates who were not elected.

This is not a plot. This is not, as the minister has said, a ganging up of people on the government. I imagine that the Prime Minister must be having a difficult time when colleagues of his are going around shooting off this stuff in all directions. He should have taken a page out of the book of former prime minister, W. L. Mackenzie King, who in 1942, when a delegation came here, said, "You do not have to come here to convince me; I know you are in trouble but I am glad you came here to convince my colleagues who come from other parts of Canada and to convince the people of Canada who do not know the problem."

Today the Minister of Agriculture gets up and paints a picture which is not accurate. I think the problem can be met only by a program which includes parity prices and deficiency payments. I suggest that the domestic price of wheat should be a parity one. I suggest that an adequate program for agriculture calls for national marketing boards and a board of livestock commissioners. It calls for international commodity agreements and the continuation of the international wheat agreement. It calls for an international food pool. It calls for better nutrition for Canadians which could be brought about in part by a free school lunch program.

To provide a square deal for agriculture requires an increase in the benefits under the Prairie Farm Assistance Act and extension of the act. It requires an extension of the Prairie Farm Rehabilitation Act to all parts of Canada. It requires the provision of low cost credit to farmers, credit that will be really available to farmers so that they will not have to go through the tremendous amount of red tape involved in applying for a loan now from the Canadian farm loan board, only to be refused very often without cause in my opinion. It calls for the restoration of the farmer's right to deliver grain to the elevator of his own choice. We thought this would be the result of the Bracken commission. We are still waiting for action in this regard. It calls for the further step of placing the marketing of all grain under the Canadian wheat board.

The solution of the agricultural problem calls for planning. It calls for national marketing boards. It calls for a reduction in the margin between the prices paid to producers and the very high prices paid by consumers. It calls for the reversal of the trend in evidence now for many years whereby the farmers' share of the consumer dollar has gone down and the retailers' share has gone up.

I have mentioned 12 points that I believe should constitute a bill of rights for agriculture. I suggest to the Minister of Agriculture that a good many of these points have been in the agricultural policy of the Conservative party in recent years. I suggest that they fulfil their commitments to the farmers. I suggest that they give a sympathetic hearing to the delegation coming to Ottawa and that the government consider the proposals the delegation wishes to make and not close the door on them.

I think the timing of the speech of the Minister of Agriculture has been most unfortunate. I do not think this kind of misleading speech should have been made in advance of the arrival of the delegation. I suggest that the speech was made by the minister to try to strengthen the position of those who are opposed to the requests of his organization. If that was not his fundamental purpose in building an argument against the delegation, I fail to realize the purpose of his speech. In my opinion he has not shown that agriculture is in the sound position that he suggested.

Before I resume my seat, having regard to the interruptions that have taken place, perhaps I might be permitted to refer to a publication issued by his own department, the Current Review of Agricultural Conditions in Canada, the issue for January, 1959. On page 4 of the review I find the following statement:

> Information available at the end of November indicated a farm cash income of about $2.7 billion in 1958, about five per cent higher than in 1957. ...In 1959 farm cash income is expected to remain about the same as in 1958...
>
> With little change anticipated for cash income and income in kind and a continued rise in farm expenses in prospect, realized net income in 1959 is likely to be somewhat lower than in 1958.

There, Mr. Chairman, is a statement in the Current Review of Agricultural Conditions in Canada which is very much in keeping with the statement made by the Minister of Agriculture himself on November 12. It shows that agriculture is in a most difficult position and that action is required now along the lines I have suggested in the 12 point program which I have termed a bill of rights for agriculture and along the lines of the presentation that will be made here by the mass delegation early next week.

(Translation):

Mr. Pigeon: Mr. Chairman, may I, first of all, congratulate the Minister of Agriculture (Mr. Harkness) for the steps he is taking in favour of farmers. I would not like

to hurt his modesty, but I can say in this house that he is one of the best brains in Canada in matters of agriculture. Day in and day out, he directs his attention to farmers' problems. If a request is put to him, if some organization submits a brief to him, he considers it at once. In brief, he conscientiously strives to improve the farmer's lot.

I have listened to the speech made by the hon. member for Drummond-Arthabaska (Mr. Boulanger). In my opinion, it is more of a liability than an asset to the farmers of Canada. The hon. member for Drummond-Arthabaska made no constructive suggestions. His speech was merely critical.

Mr. Chairman, if farmers today are finding it hard to sell their products, it is because we have lost our export markets. And who made us lose those markets? The previous government.

It is being claimed in certain quarters that the farming situation is in a bad way.

Mr. Chairman, need I refer to discussions that took place in this house at the time our hon. friends were in power? May I however, refer to page 69 of the English text of *Hansard* for January 27, 1942, i.e. during the war, when farmers were said to be prosperous. This is what the hon. member for Stormont, who is today the representative for Laurier (Mr. Chevrier), said at that time:

> In view of the shortage of labour on the farm and the increase in the cost of production it seems to me that the farmer, and particularly the cheese producer, is called upon to make an extra sacrifice, or an extra contribution. Every year since the beginning of the war—and I believe these are the words of the Minister of Agriculture (Mr. Gardiner)—Canadian farmers have accepted prices for their food commodities far below those to which they were entitled. This is particularly true of cheese. It is interesting to note in the speech from the throne that vast quantities of foodstuffs will go to Britain as an integral part of the war effort. It is to be hoped that for the primary producer this will mean an increase in prices. It seems to me there should be a greater parity between the return of the wage earner and the return of the farmer producer. Canada's contribution in foodstuffs centres chiefly around pork products, cheese, canned salmon, wheat and flour; and in all these commodities we are the chief source of supply for Britain.

My purpose, Mr. Chairman, in quoting those remarks is to call your attention to the fact that, at the time, the hon. member for Stormont rose in this house to tell of the farmer's plight, although it was in wartime. Mr. Chairman, no government to date has more thoroughly looked after the needs of Canadian farmers than has the present government.

Need I mention that the Minister of Agriculture, in introducing the Agricultural Stabilization Act—and the opposition voted in favour of this legislation—gave most valuable help to our prairie farmers. Now we will soon have a crop insurance act.

At the last session, a bill was adopted covering the grading of leaf tobacco. The Minister of Agriculture is always on the forward march. He is always proposing new legislation. In other words, although this government has been in power for only a few months, it has done more, all things considered, than the previous one did in 25 years.

(Text):

Mr. Godin: Mr. Chairman, would the hon. member permit a question before he goes on to another subject?

(Translation):

Mr. Pigeon: If you please, Mr. Chairman, when I am through with my speech, if the hon. member wishes to ask me a question, he may do so and I shall gladly reply.

Mr. Godin: Mr. Chairman, would the hon. member allow me—

Mr. Pigeon: After my speech.

Mr. Godin: I shall be very brief. Could the hon. member tell me—

Mr. Pigeon: This question you have in mind has been suggested by the hon. member for Drummond-Arthabaska (Mr. Boulanger).

(Text):

The Acting Chairman (Mr. MacEwan): I believe the hon. member stated that he would allow a question after he completes his speech.

(Translation):

Mr. Pigeon: It is too bad, really, that a member who is unable to assume his own responsibilities should allow himself to be prompted by the hon. member for Drummond-Arthabaska. If the hon. member for Drummond-Arthabaska wishes to ask questions, let him stand on his feet, and do so, but I note he is afraid—

Mr. Boulanger: What right has the hon. member for Joliette-L'Assomption-Montcalm to talk that way and put words into my mouth I have never uttered, and ideas that never crossed my mind. The hon. member for Nickel Belt (Mr. Godin) is entitled to his own opinions, and has the right to express them. When I have views to make known or questions to ask, I am not in the habit of relaying them through a desk mate.

I therefore ask the member for Joliette-L'Assomption-Montcalm to withdraw what he said.

(Text):

Mr. Godin: On the point of order, Mr. Chairman; since the point of order raised refers to me, I feel that the hon. member for Joliette-L'Assomption-Montcalm should retract the remark that possibly I was directed by someone else to ask the question. I would appreciate it if the hon. member would take it as obvious that I am able to ask questions on my own.

(Translation):

Mr. Pigeon: Mr. Chairman, I saw what happened. The hon. member for Drummond-Arthabaska was not at his seat but next to the hon. member for Nickel Belt, whispering something to him. If the hon. member wants me to say that he did not whisper that question to his neighbour, even though he seemed to be doing so, then I apologize.

Mr. Boulanger: On a point of order, Mr. Chairman, the member for Joliette-L'Assomption-Montcalm has just said that I am not in my seat; I would like him to tell me just where I should be sitting. I ask him to withdraw his remark.

The Chairman: I understood the hon. member for Joliette-L'Assomption-Montcalm to apologize for the remark he had made. Accordingly, it seems to me there is no cause for further discussion on the point of order.

May I point out to hon. members who are behind the curtains that, if they wish to make suggestions, they should make them from their seats.

Mr. Pigeon: Mr. Chairman, it is a habit with hon. members of the opposition to hide behind the curtains and to whisper questions. At any rate, I will revert to more significant matters and resume my remarks.

In the first six months of 1958 the proceeds of Canadian farmers' sales of farm products reached an estimated amount of 1 billion 300 million dollars. This is 9 per cent more than the 1 billion 200 million dollar proceeds they got in the corresponding period of 1957. That increase over the previous year is due largely to the sale of livestock and related products.

In all provinces, estimates for the first half of the year were above those of the previous year. The increases, in most provinces, were close to the national average of 9 per cent. The major exception was in Prince Edward Island where the increase was 25 per cent because of larger income from the sale of cattle, calves and potatoes.

[Mr. Boulanger.]

Sales of livestock and animal products amounted to $807 million in the first six months, or about 16 per cent more than in the previous year. About half the increase went to the prairie farmers, so that returns from the sale of livestock and animal products rose by only about 10 per cent.

Mr. Chairman, may I most humbly make a few suggestions to the house concerning Canadian agriculture, knowing that, as usual, the hon. Minister of Agriculture will give them close consideration.

I wonder whether it might not be desirable, in the interest of Canadian farmers, and more particularly in the interest of milk producers, to levy a tax, no matter how small—

Mr. Godin: Mr. Duplessis!

Mr. Pigeon: —on vegetable oils imported from abroad. The money thus collected could be paid indirectly, in some other way to milk producers, and this would fully meet their needs.

Mr. Boulanger: Before asking for that, why do you not ask Mr. Duplessis to enforce the law in Quebec?

Mr. Pigeon: Mr. Chairman, as a federal member I am making my remarks on the national level. If the hon. member for Drummond-Arthabaska (Mr. Boulanger) wishes to go into provincial politics, he should resign his seat and stand for election in his provincial riding; then we would see what support he would get from the Quebec farmers.

Mr. Boulanger: I accept the challenge.

Mr. Pigeon: Mr. Chairman, I also ask the Minister of Agriculture to consider raising import duties on American potatoes.

I also urge officials of the Department of Agriculture to consider establishing a support price for maple products.

Mr. Chairman, the experimental farm at l'Assomption is located in the federal constituency of Joliette-L'Assomption-Montcalm. I would ask the Minister of Agriculture to increase, if possible, the funds available to this experimental farm, in order to promote research—

Mr. Godin: For the future.

Mr. Pigeon: Mr. Chairman, the federal constituency of Joliette-L'Assomption-Montcalm is a tobacco centre, and we find that insofar as cigar tobacco is concerned, consumer demand is mostly for mild tobaccos. In my

view, additional funds should be made available to the authorities of that experimental farm, to enable them to promote research with a view to producing milder varieties of tobacco.

The federal constituency of Joliette-L'Assomption-Montcalm is also the largest tobacco-producing centre in the province of Quebec. I know that certain members from Ontario also represent constituencies where there are many tobacco producers.

I appeal to the firms buying cigarette tobacco, most of which are controlled by foreign investors, to pay a fair price to tobacco producers, who are farmers and average Canadians, in order that they may contribute to the progress of the Canadian economy.

Mr. Chairman, I just wanted to make those suggestions. Were any suggestions forthcoming from the hon. member for Drummond-Arthabaska? On the contrary, his was destructive criticism; his speech is a liability for the farm people of Canada.

Mr. Chairman, our attitude is quite different from that of our opponents, those who previously held office. They used to sit around, not daring to rise and make themselves heard on behalf of their constituencies. Today, it can be said that Conservative members are expressing in this house the views of their constituents.

Mr. Chairman, I wanted to make those suggestions quite humbly and I am sure that they will receive careful consideration from the officials of the Department of Agriculture.

(Text):

Mr. Gour: Before I go on with the few remarks I wish to make, Mr. Chairman, I should like to bring to the attention of hon. members, particularly of the Minister of Agriculture, the fact that I do not agree with my good friend when he said that the revenue of the farmer in 1958 was better than it was up to the year 1953-54. I understand that my hon. friend must bring in a little bit of politics. He is under the big boss. Therefore it was necessary for him to follow along that line. However, I do not intend to participate. Before going on, I want to tell hon. members and the minister that I am not one who would try to make it appear that I believe the minister is not an honest man. I have known him since 1945. My opinion is that he certainly makes mistakes. However, I am not ready to believe that he is not honest.

I should like to make an appeal to those hon. members who desire to have a little bit of fair play for the farmer and ask that we throw aside the question of politics and speak about what is good for the farmer. Let us stop playing small politics, something that has always been done by one party and the other. I have been here for 14 years. During that time when we were in power the opposition were playing politics on this matter and I do not intend to do it. I did not do it when they were in the opposition. The story was the same with regard to the C.C.F. and the Social Credit groups.

I think agriculture is an important business. The Minister of Agriculture has one of the most difficult jobs in Canada. We have a large country producing various products far from the market and with not half the market we need for the things we produce. I know the minister has problems. I sympathize with him. I like him. He has done the same thing, as far as I have known him, for 14 years. The same thing applies to another matter. When they were in opposition they were saying that our friend Right Hon. James Gardiner was not an honest man. He was the best minister of agriculture we had in this country. The minister is a nice gentleman but he is playing a little bit of politics. That is all he is doing. It is all right to have a little bit as long as it is kept at a reasonable level.

I regret that the minister has been forced to bring in these statistics. I have to go back a little bit in the review of these statistics. I will take first the production of pork. I think the price of $7 for pork was right, but only six weeks old, not six months old. It is right for five to six weeks. That is all right for from five to six weeks old if they are not too unlucky with the sow. The other price in Ontario, namely $13.30 and $14, is all right for feeders from two and a half to three months old but not more than that. The price for Alberta is high enough. I think it is exaggerated a little bit.

Mr. Harkness: Too high?

Mr. Gour: A little bit. As to the cost of feed for hogs in Ontario, Quebec or the maritimes, the feed that is brought from the west costs about 25 per cent more or something like that. I think in this part we can, if we are not too unlucky, bring the pig to 200 pounds at a cost of about $35 or $38 or $40 for a 200-pound pig. I think the price in Alberta is exaggerated by $2. But what I find is this. If the minister wants to be honest as he likes to be I think these people who make out these reports had better get together. We should get more honest reports than that. There is something wrong with

these reports. I do not blame the minister but I do not need to tell the committee that they leave something to be desired and it is too bad for these people that 1958 was not a better year than it was. Pork was cheaper than in 1957. The price of pork was 34 cents, 9 cents higher. Beef was lower. The minister dropped the price of dry milk by three cents therefore that is not an increase.

The year is not so bad in 1958. As I said not very long ago in the house, we had a good crop. The Americans are buying our cattle. They bought more in 1958. They bought about eight times more than they bought in 1957. We had that revenue which helped to give more money to the farmer. But what should be done for the farmer? There is a change in farming just as there is in the rest of industrial Canada. Therefore the minister and the government should change year after year the means adopted to help the farmers. But they do not do that. They just pay a little bit on something. It is a small thing.

The main thing in this country is the danger for the farmer of these big organizations. They call them farmers. Some people say they are farmers, others say they are not, that they are poultry raisers, egg farmers, grain growers or beef cattle raisers. The person who is a farmer is one who is a mixed farmer. They have more to put up with than anybody thinks. To be a good farmer he has to work 365 days a year and like it. Next, you have to be equally skilled in agriculture as well as in mechanics and carpentry. You have to have the knowledge of a veterinary surgeon; and after that you have to have a good wife. You need to be a good worker and in good health. That is what I call a farmer.

To keep those good farmers this country needs to help them. I am not talking about 600-acre or 1,000-acre farms, as I had myself. I was just a gentleman farmer. What we need are the good family farmers. To keep these farmers we need a special organization, call it the name you like. We need the same sort of thing like the Department of Veterans Affairs. Some farmers have not enough money to buy sufficient grain or cattle. A farmer who has to do work half the time outside his farm will never be a good farmer; he will ruin himself, his health, and his wife, and that is all he is able to do. Therefore you need an organization which will guarantee a certain price. You must find a way to stop these big companies which give the farmer so much a chicken so that he will go into debt. That farmer may have to assume a $40,000 or $50,000 debt. The same applies to hogs and small cattle farms, as it does to the big ranges of beef cattle and dairy cattle. But the little farmer cannot stand it. Those people must have help from the government because they need it so much. I would like to see an organization which guarantees a return of so much per pound for butter, cheese, pork, eggs or chickens to those farmers who are the ordinary farmers. I mean the little farms of not more than 100-odd head. We must stop those big concerns ruining the little man. The way things are going now the farmer will be ruined, and so will the government through the subsidization of them.

I do not agree with my hon. friend who talked a minute ago that there should be a higher price for wheat in Canada. If something has to be done to help those farmers, it is not by raising the consumer price, because that is high enough. The taxpayers should only be called upon to pay a reasonable price for their goods. The more the price goes up, the more the need for higher wages, which leads very often to strikes; and so it goes round in a vicious circle. During the war butter was selling for about 50 cents a pound and in addition to this price the farmer also received a bonus of 10 cents per pound from the cheese factory, this being paid by the federal government. So we should have so much per head up to a certain limit. If we do not, I do not know what will happen to our small farmers. They cannot compete with these big outfits with their new mechanical machinery. The larger the farm the larger the machine, and they are very expensive. Lots of farmers bought tractors and machines for $10,000 or $20,000 each. They have borrowed some $120 million.

In my own district they have borrowed so much for machines that most of the farmers are in debt, and if we do not give the farmer a chance to make a living by their own honest labour, he and his family will quit. Most of the farmers' wives work all hours of the day to help their husbands on the farms, and they get their sons of seven or eight years to help with the tractor when they come home from school. If they did not do that about 25 per cent of the farmers at the present moment would have to leave and come to the city. They are still on the farms. Therefore it is up to the government to help them. I cannot believe there are no honest Tories; there are some honest people in the Tory party.

It is evident that the minister has made promises which he is not able to keep, but that is not his fault, it is the fault of the irresponsible undertakings that were made by his leader. Now the Minister of Agriculture finds himself in the position where he cannot fulfil even a quarter of those

promises. What does he say now about parity prices? Oh, when the minister was on this side of the house he was a very good speaker and the phrase "parity price" was always on his lips. But now parity prices have disappeared like a sputnik. But let us not talk politics for too long. The farmers of this country are more important than politics, and it is in the best interest of the whole country that something should be done to help certain parts of this industry.

In some ways conditions are improving. I can remember that five or six years ago in my own riding a man might raise 100 or 125 chickens in a year. He would work, helped by his sons, for every day of the week except Sunday when he would go to Mass. Hon. members know, of course, that they are good people in my riding. They did this work for peanut money. It is the big people who control the grain and grind it to make feed who run the market and are able to fix the prices, and when the time comes to renew the contract, they dropped the price.

As I said a moment ago, there is no lawyer who is bright enough to be a good farmer without experience. Farming cannot be carried out successfully without experience, and in order that young people may have a chance we should try to help them out, while at the same time exercising some control in advancing money. We have a lot of good men in the provincial departments of agriculture, and a lot of good men in the federal department, too, who can take part in this work. We might try to get some more and use them to help supervise the small farms not these big companies or big concerns who farm 3,000 acres of wheat and whose cheque has to be sent to Miami because they spend six months down there. The same applies to the people who raise cattle for beef, and the same is coming to apply to the dairy industry.

These people should have only a certain amount, and that is all. The same applies to business. The way things are going now, in a few years time all retail business will be in the hands of a few big companies. I spoke about this last session. It is the same with labour. I can imagine a situation in this country where we would have the big labour organizations fighting with the big farm companies. There could be a strike and we should all starve. With things like this happening we should not, as I said, make politics out of the farm industry.

But I believe we have too many big fellows at the present time. I am not against the farmers of the west, but I am not in favour of boosting the incomes of those millionaries who work for only three months of the year and spend the rest on vacation; these people who get a couple of men to run the tractors, sow a thousand acres a week and when the crop is gathered, say "Good-bye my friends". That is all right, but we should not take taxes from the people in general in order to make these operators still bigger. I am against the taxpayers of this country putting more money into the hands of these people.

I do not think I will take more time now, except to say a word about loans to farmers. I hope the minister will see that farmers who need loans and are in a position to apply will get them without any unnecessary delay. Perhaps it is because there are so many lawyers mixed up in the administration that it takes so much time to grant these loans. Of course, I know that lots of care is needed in order to see that title is clear, and so on. All I am asking is that the procedure be as quick as possible.

I believe the minister should see that producers are covered and that he should find a way by which they can get back any deficiency; that he should refund a certain amount up to a certain level, but not too far. For chickens, 3,000 would be good enough; eggs, 2,000, would be reasonable. Never mind the speculators; they will look after themselves. I do not want the taxpayers' money spent to help them. The same applies to wheat, and the same applies to hogs. I do not think we should protect them by going beyond 200 hogs. That is enough. This should be protection enough.

That is all I wish to say today. I will return to this question later on. I know that the minister has to introduce a certain amount of politics into his speech, because the boss is the boss, but I think that his leader should at least have given him more assistance. In my opinion the Minister of Agriculture should certainly have the help of a parliamentary assistant. As soon as a parliamentary assistant is named it will relieve the anxieties of some of those funny figures over there who would have to live for 200 years before they could become parliamentary assistants. There will be less nervousness among a lot of those Tory members than there is now, and, finally, they would feel more free to vote with the opposition when the time comes.

Mr. MacEwan: I have listened with great interest to the hon. member for Russell, and I bow to his parliamentary experience as well as to his experience of the farming industry. I believe he made the statement that the reason for the slowness, as far as farm loan board applications were concerned,

is that too many lawyers have something to do with the Canadian farm loan board. That may be so. I am sure that the proposed legislation which will be brought down later this session by this government will be such that even the lawyers will be able to give some help to see that it is enacted in the proper manner and loans given without delay.

He also mentioned the fact that the small family farm in Canada needed more help, and he also referred to the health of the farmer's wife. I can go along with that. I hope perhaps he will endorse the way it is looked at down east, where it is said that in order to provide healthy farmers what you need is plenty of fresh air and buttermilk. Perhaps that is the answer. I would agree with the remarks in which he said that the family farm is important in Canada. In the constituency which I represent agriculture is quite an important industry, along with a number of others.

While I was home in the interval between the sessions I had the opportunity to attend the meeting of the Pictou-North Colchester federation of agriculture. This was the first time that I was able to attend the meetings. Along with the hon. member for Colchester-Hants and some of the members of the Nova Scotia provincial legislature I met with farmers from the area in their annual meeting. Various matters were brought up there and we were able to get a picture of farming, especially in our own area and indeed in the province of Nova Scotia. Later on the Nova Scotia federation of agriculture held a meeting in Truro which I was not able to attend, but after coming to Ottawa the executive of the Nova Scotia federation of agriculture met the Nova Scotia members and made certain recommendations and submissions. It is with a few of those submissions that I would like to deal just briefly this afternoon, Mr. Chairman. Time does not permit my going into all of them or any one of them too closely, but I believe they are important matters.

The first one is that of farm credit. During the last session I spoke in the house on the matter of farm credit, especially in reference to the province of Nova Scotia and the findings of the Hawkins commission. The Hawkins commission was set up in Nova Scotia to inquire into rural credit. Among its recommendations was something to this effect, that the provincial and federal boards, that is, the Nova Scotia land settlement board and the Canadian farm loan board, should be integrated into one and combined so as to provide more adequately for short term, intermediate and long term loans.

I was pleased to note that the Minister of Agriculture has stated that there are to be amendments to the Canadian Farm Loan Act. I should like to thank him and also probably the Minister of Finance who will be concerned in the matter. The speech from the throne stated:

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

The amendment will be introduced at this session. As far as the province of Nova Scotia is concerned, I would say that farm credit is the crux of the whole agricultural industry and situation in that province, and that changes must be made to cover present day agricultural matters. As the legislation now stands—and as I said before in this house—it would seem that the Canadian Farm Loan Act does not cover the small farmers, and especially the farmers in the east. This is something which was pointed out by the executive of the Nova Scotia federation of agriculture in a meeting. As late as 1931 the land and buildings on a farm constituted 77 per cent of the total farm value. The submission is that today the land and buildings constitute not more than 50 per cent of the farm value and the other 50 per cent consists of stock and equipment. As we see it, so far as Nova Scotia and the maritime provinces are concerned, the act is not so constituted as to give farmers an opportunity to buy the stock and equipment necessary for modern day farming. I am glad to know that the act will be changed. I would support the government on this.

The matter of land use was also referred to by the Minister of Agriculture today. The federation of agriculture of the province of Nova Scotia pointed out to us as members that there was much good interval land in that province along the rivers which could not be taken advantage of because of the river erosion and so on. We have the Maritime Marshland Rehabilitation Act which takes care of salt water areas, and I am glad to know that a committee has been set up to study the matter of these lands in Canada and undoubtedly this matter of erosion of good land and other matters will be studied. I would recommend that after the report of this committee is brought in the government should look into this matter. Perhaps something can be done because it is a most important matter.

I should like to refer to the matter of freight rate assistance. It was pointed out by the federation, and it is recognized by the people in the Atlantic provinces, that freight rate assistance given by the government on feed grains coming from the western provinces is most important. After the recent

increase in freight rates, as shown by the further supplementary estimates which were passed in the house not too long ago, assistance was given to the eastern farmers to help them out in the matter of freight rates.

It was suggested and recommended by the hon. member for Colchester-Hants during the last session that the freight rate assistance policy should become a permanent one and should be so enacted. This is recommended by our local federation. I would suggest that the government look into this matter with a view to making it a permanent policy. It is most necessary to have this freight rate assistance because it is a great stimulus to the production of livestock in the maritime provinces. Beef cattle are now being raised in Nova Scotia. The Nova Scotia department of agriculture has set up community pastures throughout the province and an abattoir will be built in Halifax to take care of the beef and pork produce which will come to it. This was a combined effort of the government of the province of Nova Scotia and the farmers of Nova Scotia. It is being recommended and lauded a great deal because it means a lot to our cattle and hog producers. As I have said, feed grains are necessary, they are the key to the whole problem. Assistance on feed grains is most vital and I would recommend that this matter be made permanent by the government. In travelling through northern New Brunswick, particularly through the area of the hon. member for Victoria-Carleton, I was pleased to note that many of the potato producers in that area were going into beef cattle raising in order to help themselves and not be dependent on one crop only.

These are submissions which were made to the Nova Scotia members and they are most important ones. The federation of agriculture in our province is doing a good job. They are co-operating together. There are many able men in this federation and with the assistance of our able Minister of Agriculture here and with the assistance of the able minister of agriculture in the province of Nova Scotia and with the assistance of everyone, particularly the farmers in the province, the industry is going ahead and I believe will go ahead even more. It is important to our province and to many provinces, and I think we are just beginning to see the light and to put the industry really on its feet.

I do not intend to enter into discussion of the matter of wheat and deficiency payments brought up by the hon. member for Assiniboia. I will let my western colleagues say a few words on that. They probably will not be too peaceful and calm. Their words will probably make the storm outside today look like a south sea island breeze by the time they are finished. I thought I would make a few remarks now and bring forward matters that are important to my own province.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, since my name came into the debate earlier—

Mr. Argue: On a point of order, Mr. Chairman, it is a well known practice in the house—if members want to change it I am not going to object—to call on an opposition member after a government member has spoken. The hon. member for Fort William was on his feet.

The Acting Chairman (Mr. Coates): I saw the Minister of Northern Affairs and National Resources.

Mr. Hamilton (Qu'Appelle): I am sorry that the hon. member for Assiniboia raised a point of order because he was the one who brought my name into the debate. I stood up on previous occasions.

Mr. McIlraith: So did the hon. member for Fort William.

Mr. Hamilton (Qu'Appelle): That is right. Many stood up, but the great majority of the members of the house from western Canada are from one party and they have just as much right to speak as the hon. member for Assiniboia, the hon. member for Fort William or any other member. I recognize that the hon. member for Assiniboia does not want to hear what I am going to tell him now because this afternoon we heard a classic example of the extreme statements by the C.C.F. which have done more harm to agriculture in western Canada in the last 20 years than any other single thing. In his remarks he indicated that these farmers coming to Ottawa would be met with an unfriendly reception from the government side. By reading extracts from a report in the *Western Producer* of a speech I made, which report is entirely accurate, he left the impression that there would be an unfriendly reception. Nothing could be further from the truth.

All this started some weeks ago, Mr. Chairman, when an article appeared in a western Canada paper, the *Leader-Post*. There was much comment about the news story in the *Leader-Post*. I am going to read into the record a letter I wrote to the editor of the *Star-Phoenix* concerning the same subject. The letter reads as follows:

> In your February 6th edition you have an editorial charging me with poor taste in doubting the grass roots character of the march on Ottawa. We have very few ways of measuring this. My personal mail for some months has run three to one asking that we stick with acreage payments. Other members report the same experience. Therefore I have to keep my mind open.

I would ask the privilege of pointing out the following circumstances. Your editorial appears to be based on an emasculated story that appeared in the *Leader-Post*. Rarely, if ever, has the *Leader-Post* reported a speech of mine from the series, "Report from Parliament". Yet this time it did using only selected sentences.

By contrast, the *Western Producer*, the organ of the wheat pool, asked for and got the full text. The farm paper may choose to disagree with me, but it will do so with all my remarks before it.

For your information, my chief concern over the march on Ottawa is not the purpose of the march but the harmful effects which may result to western agriculture. In the final paragraph of my radio address I made it clear that the federal government "will always be ready to meet and talk in good faith with western Canadian farmers at any time."

Our government will welcome the delegation because we all have a common purpose, namely, to raise the level of farm income and/or reduce farm costs. The whole matter is crystallizing into an issue of for and against immediate relief versus an attack on the fundamental problems facing agriculture. Actually we need both.

I personally am very disturbed that the tremendous pressure being put on western farmers and their organizations at the present time will make them lose sight of the basic reforms that are long overdue. Moreover, there are serious arguments against deficiency payments which are not being presented to the people.

For instance, present information is that deficiency payments, even with a $1,500 maximum, would go in large measure to larger farmers. We are trying to gather this information now, but using American estimates for their farmers the percentage is 79 per cent for 25 per cent of the farmers. I am enclosing a table showing comparative figures for two crop districts in Manitoba, one of smaller farmers and one of larger farmers. This will make clear the type of information that the western farmers should have and are not being given.

There are other points I could discuss but I will content myself with listing them.

(1) The danger of destroying the unity of members of parliament from all parts of Canada achieved by the present government behind our national agricultural policy.

(2) The danger of losing our oats and barley markets in the United States.

(3) The danger of spoiling our efforts to get importing countries to reduce wheat subsidies.

(4) The danger of getting into the same financial difficulties as the United States which resulted from their use of a fixed parity price concept instead of striving for a parity of income.

(5) The danger of disrupting the present shift towards greater diversification of farm production.

I trust that these thoughts will add something to the present debate.

The *Star-Phoenix* took that letter, printed it and included the table that I gave them, and by so doing rendered a great service to the farmers of that area of western Canada.

There is another thing that happened in the debate. I came into the house toward the last part of the speech of the hon. member for Assiniboia. He was making certain statements and was reading from a story in the *Western Producer* which was an exact replica of my speech. I asked him the question: Do you deny that the Liberals and the C.C.F. cuddled up in 1946 in support of the British wheat agreement? The British wheat agreement was opposed by only one party in Canada, the Progressive Conservative party led by John Bracken who warned that certain things would happen if the government went through with this madness. That agreement did not come from the grass roots at all but was imposed from the top by a group of people led, I believe, by the then minister of agriculture, the then minister of trade and commerce and certain farm leaders who went back and told western farmers that they must support the agreement to guarantee high prices after the agreement was ended.

If any person wants to read about this, go back to the debates in *Hansard* for August, 1946. Read the remarks of Walter Tucker, the ex-member for Rosthern. Read the remarks of the leader of the Progressive Conservative party in those days, John Bracken. There you will find one of the greatest sell-outs of the western farmer that you ever saw. Nor was this the end of it. These same gentlemen came back to western Canada and joined in the attack on the Conservative party in the election of 1949. Because we were pointing out all the facts and dangers of the British wheat agreement to western Canadian farmers they accused us of being friends of the grain exchange. In fact, the C.C.F. did such a wonderful job of scaring the people silly in western Canada with respect to what we stood for, the right of the farmer to decide his own future instead of it being decided by government leaders at Ottawa, that there was hardly a C.C.F. member elected in the 1949 campaign. In 1945 the majority of members from Saskatchewan were C.C.F., but in 1949 they almost disappeared and the Liberals took over because they had scared the voters so badly the voters felt they had to turn to the only party that could stop the Conservatives.

This British wheat agreement cost the western farmers, by best estimates, about $600 million and I know how desperately the farmers would like to have some of that $600 million today. The most amazing thing is that farm organizations at the rank and file level, and political parties at the rank and file level, have been through a very rough time in Saskatchewan in the last 25 years. This applies to our prairie provinces generally. About three years ago it seemed that peace was coming because the members of every political party, Social Credit, Liberal, C.C.F., Conservative and every other party of which I have heard out there, were all saying pretty well the same thing about what the agricultural industry required. The farm organizations got together and, for the first

time, we had a unanimity of opinion in 1956 that has never existed since because of this ramp on deficiency payments.

Deficiency payments are a proper thing to discuss. There are certain arguments for them and certain arguments against them. However, when all the arguments and all the propaganda are in favour of one side, then somebody has to have the courage to stand up and put forth the facts concerning the other side. There are people who believe differently. The hon. member for Assiniboia mentioned his own bill of rights. I have said in this house that I could support every point in the bill of rights he enunciated in his speech at Crane Valley, Saskatchewan. This is the type of speech that western Canada needs, and the type of speech that agriculture in western Canada needs. Agriculture does not need the type of generalization and conflicting statements which were made today because all they do is rend and divide.

The Winnipeg *Tribune* of January 24 carried a newspaper story concerning the program of the Manitoba federation of agriculture. I have a copy here, and there are some six immediate points and 12 long range points. Not once in this series of 18 points mentioned is there any mention of deficiency payments. I could support almost everything in this program now. I could have supported it last year and I could next year. This is a sound, constructive report as to what they think agriculture needs. I know the hon. member for Assiniboia knows what should be done and I know the members of the Manitoba federation of agriculture know what should be done. However, when they, as farm leaders, are faced with the tremendous pressure of television shows two or three times a week, radio programs and an army of 7,000 people out collecting names on petitions, it is very difficult for a moderate, responsible farm leader to stand up in front of what looks like an avalanche. But somebody does have to stand up occasionally and speak his mind about what he believes is true. This is what I attempted to do in that speech of February 4 or 5, whatever the date was. I did not make the speech in any attempt at being derogatory to the march. I simply said, and other people were noticing the same thing, that this appeared to be a great promotion from above and I am always suspicious of anything that is promoted from above. I point that out, that these farm leaders from all across the west come and tell us that this federation program is what they want.

I am not finished with this thing yet. One of the great things that we have accomplished as a government is that we have brought members of parliament from all parts of Canada to recognize that this agricultural problem is not only in western Canada, it is in every part of Canada. The hon. member for Russell was speaking today about his constituency. The same speech could be made for many ridings across this country. This is a national problem. Any effort made to try to pit the west against the east or the maritimes against Ontario or anything else like that is an effort to destroy the work of people who desperately need constructive help. I am going to read to you two paragraphs from an address delivered by Mr. Wesson on November 10, 1958.

I quote:

> Even in the election campaign between January and March, questions were put to speakers in the country and they always gave the same answer—the government is continuing to give careful consideration to this whole question. And it was not until the end of August that we got an official denial and something else proposed in its place, after the rejection of the principle of deficiency payments as proposed by the three wheat pools.

He is referring to the Prime Minister's statement in the house in August laying down the seven points for a national agricultural policy.

Then, he goes on and says to these delegates:

> I am not going to tell you what you should do before this discussion is closed, but in view of what happened with government policy, it is obvious to me with conversations that we had with private members from western Canada as well as ministers, that eastern Canada had a good deal to do with this final decision on this paltry $40 million and that is the reason why eastern Canada has got to get some education.

Now, this country, so long divided on many issues, so long divided by regional problems, has been able to get a government, under the banner of a great Canadian, to collect the people from all parts of this country, from all walks of life, and get them to see that there was a national problem in agriculture. This party supported that national agricultural policy in this house 100 per cent. This was unity of a real sort, and yet here we have this effort to divide.

This problem of agriculture cannot be resolved by pitting the west against the east and it was for that reason I charged, in my opening remarks, that the type of speech delivered here by the hon. member for Assiniboia was another classic example of the type of thing that stirs the emotions and divides the country on basic economic issues.

Mr. Argue: You are very foolish; no truth in that at all.

Mr. Hamilton (Qu'Appelle): One of the remarks made by the hon. member for Assiniboia was that 200,000 names were affixed to this petition from Saskatchewan, and I should

not have suggested that this is not a grass roots movement. Do hon. members believe that I, as an elected representative of a farm riding in Saskatchewan, have to measure my opinion of what is right or wrong by the number of names on a petition? I was elected, I hope, because the people of my riding believed that after many years of being turned down and rolled over by the C.C.F. machine in Saskatchewan and the Liberal machine I was a fellow who stuck to his principles. The people, therefore, supported me in June of 1957.

Mr. Benidickson: You were with the rest on John Diefenbaker's coat tails.

Mr. Hamilton (Qu'Appelle): I think they expect me to stand up for something. The hon. member for Kenora-Rainy River mentioned "coat tails", but if I were him I would not mention "coat tails" in this house.

I have a very serious proposal to put before the hon. member for Assiniboia. In 1952 we in Saskatchewan recognized the serious difficulties which agriculture was facing and the provincial government set up a royal commission on agriculture and rural life. This commission reported in 1956 in 14 volumes, but I have only three of them here. How many times has any member from western Canada, or Saskatchewan in particular, heard the hon. member for Assiniboia mention the recommendations of this report?

An hon. Member: He would not dare.

Mr. Hamilton (Qu'Appelle): How many times has any member of this house heard any C.C.F. member mention this report when dealing with agriculture? Yet these 14 volumes are the only thorough study that western Canada has had, certainly in this century. Does it mean that he repudiates the men who wrote these 14 volumes? Who are they? They include Professor Baker, the chairman, a distinguished agricultural economist from the University of Saskatchewan; Charlie Gibbings, Rosetown, vice-president of the wheat pool.

An hon. Member: And a C.C.F.'er.

Mr. Hamilton (Qu'Appelle): I understand that he will be down here with this march from the west. Does he repudiate Charlie Gibbings?

An hon. Member: He would not dare.

Mr. Hamilton (Qu'Appelle): There is J. L. Phelps Wilkie, a C.C.F. ex-cabinet minister, who is not coming down with this march from the west, I understand. He is also a close personal friend of mine. There is also H. L. Fowler of Saskatoon from the co-operative movement; there are Mrs. Nancy Adams and Mr. T. H. Bourassa, the other members.

Does he repudiate these people or does he repudiate the recommendations they made? I have my volume 8 open at one page dealing with prices. I cannot read these whole 14 volumes to the committee nor do I intend to do so. But here is the type of recommendation that they make:

> In achieving these goals—

They are talking about agricultural needs.

> —public policy with respect to markets, marketing, and prices can make an important but limited contribution:—

I would ask you to note this, Mr. Chairman.

> —a comprehensive approach is necessary.

Then it goes on and lists 10 points in that basic approach. This same theme is carried out in all the volumes. If any person wants to know where this government is going, one of the best ways to find out is to go through these 14 volumes and read their conclusions and recommendations. We look at these volumes and they play a great part in our final decisions. We also look at many other sources of information because we are seriously trying to make up for almost a quarter of a century of inactivity on the agricultural front by the previous government. Liberals today in my province know that their party would not be where it is if they had moved to grapple with these extremely complex and difficult problems. No reasonable farmer expects any government to come up with final answers in one, two or three years. All he expects from his government is an honest and intelligent effort. As long as we have in this house, not only men like the Prime Minister but like the Minister of Agriculture and the Minister of Trade and Commerce, doing the type of work they are doing there is no question in my mind as to how these same farmers who supported us in 1957 and to a greater degree in 1958 will stand at the next appeal to the people.

The hon. member for Assiniboia makes some play with figures. I notice that he did not use too many of his own. He has not all the "M.B.S." to support him as opposed to the D.B.S. If hon. members do not understand what "M.B.S." means, may I say that spelled out it stands for the Martin bureau of statistics.

One of the things that must be remembered is that farm income and the statistics indicate for the first time in a long while that the gross income is moving upwards and that the cost figure quoted by the Minister of Agriculture is only one per cent. I believe in an earlier speech in the house he mentioned that the gross income increased by ten per cent across Canada. No one is satisfied with this situation. But we at least feel, particularly with our stabilization bill in effect and beginning to take hold, that the long fight upwards for better prices and a better return

to the farmer is beginning to show results. I mention that matter with some feeling because I know that I must be honest with my own farm constituents. I know that any politician who says to them, "Vote for me and I will cure all your problems with some price change" is just fooling those people. That is the type of thing that I said in the election campaigns of 1953, 1957 and 1958 and I hope I can say it again when the next election comes.

The hon. member for Assiniboia raised the question of my stand on deficiency payments. He raised the matter previously in the house in the throne speech debate. At that time I rose on a question of privilege and said that the statement was not true. Then I came into the house and in making my own speech I read into the records of the house—and this can be found at page 327 of *Hansard*—exactly what the press reported and these press reports appeared all over the province.

Mr. Argue: What the minister reported was from a different meeting.

Mr. Hamilton (Qu'Appelle): I would ask the hon. member to let me finish. Throughout the election campaign C.C.F. speakers went up and down Saskatchewan and said that Hamilton is against deficiency payments. Not one of them said I was for them.

Mr. Argue: Are you?

Mr. Hamilton (Qu'Appelle): Yet he takes a clipping just before the election, in which appears a list of things including deficiency payments and states, "This is the statement of the hon. member for Qu'Appelle before he was elected". I have put on *Hansard* what actually took place, and I will go this step further and say that not only is this a matter of individual C.C.F. speakers saying it but that the premier of the province of Saskatchewan, on the Friday before the election, went into my constituency at the town of Grenfell and repeated this same statement which appeared in the headlines in the newspapers all over the province before the election, namely that I was opposed to deficiency payments.

That was the stand that I took.

I put it this way. I would not support any policy where a greater proportion of the money went to the larger farmers and a smaller proportion went to the more numerous small farmers. I do not back down from that stand. But if anybody can show me how deficiency payments will help the little farmer lift himself up and get out of this situation where his gross income is so low, then I am always willing to listen. But I look at the figures showing the amount of wheat, oats and barley sold by a small farmer in my riding and I see the difference all through the north eastern part of Saskatchewan and through Manitoba. I do not care if you raise the price to $3 a bushel, you could not lift up the level of living of some of the farmers in my riding. They must feed their oats, their barley and some of their wheat to stock in order to make any sort of income at all. Yet this thing is designed to force them to sell to the elevator in order to get the deficiency payment. I could go on and discuss this matter at greater length but I think I have said enough to make my own stand clear.

In conclusion, Mr. Chairman, I want to remind the committee that last August when the Prime Minister stood up here and outlined that statement on the national agricultural policy it was a great day in Canada's history as far as the farmer was concerned. How many times have you heard the hon. member for Assiniboia discuss this farm program enunciated by the Prime Minister and taking a look at all its aspects, how it is trying to get at this question of the sale of our products; how it is trying to stabilize prices by a forward pricing system; how it is trying to stabilize the effect of weather calamities by crop insurance; how it is trying to give to the young farmer and the small farmer and even help the older farmer to sell his land; some help in doing the things that will make his farm operation more efficient and give a chance to see what we in the Conservative party stand for, namely the family farm all across Canada.

I wonder if the hon. member for Assiniboia has considered the great need for constructive suggestions on a rural development program? I know we are working on it, but I would like the views of the hon. members of this house, and I know the Minister of Agriculture would. I would like to hear various suggestions in connection with this program to help the smaller farmer, or any farmer, meet the technological problems which have arisen, as well as the problems of the machine age. I could discuss other things, such as research and so on, but I would like to put it in this way. If any hon. member would sit down and make a list of these various steps, which are only the seven main steps of a huge program, and figure out the amount of money that the people of Canada would be willing to put behind a constructive, comprehensive farm program, then the danger of threatening that great program by trying to divert farm organization attention away from the need of a comprehensive program to an isolated act will be realized.

Mr. Badanai: Mr. Chairman, up to the present the committee has heard the voices of experts on the subject of agriculture. Now

for a few moments I beg your indulgence to listen to a few remarks from an amateur. I want to assure hon. members that I will not speak until the deadline, so that all of us will be able to say a few words.

The district in which the two fine cities of Fort William and Port Arthur are located is not a prosperous agricultural area comparable to the prairie provinces, or even to the eastern portion of Ontario. But in the rugged terrain of Thunder bay there are numerous dairy and truck garden farms. They are small, with a few exceptions. We have, however, large tracts of empty barren area that could be profitably put to farming use if the prospective farmer had the means of acquiring machinery and stocks. The majority of those small farmers who are now engaged in farming in my constituency need assistance in the form of loans. At the present time unless a farmer has collateral assets it is virtually impossible for him to obtain a loan from a bank, and even the farm loan board is not always sympathetic to his need. I believe that the hon. member for Cape Breton South had the same thing in mind when he spoke a few moments ago about the needs of the farmers in Nova Scotia. I am very much concerned with the small farmer who is operating a comparatively small piece of land, judged by western farm standards, and who is making his living wholly from his produce.

Another important aspect of the small farm which should be considered is that a farm is a good place to bring up a large family. A lot of people are entering Canada through immigration channels, so let us start a number of small farms where there is plenty of room and fresh air, which is an ideal environment in which to raise children, whose worth to Canada transcends any consideration of small assistance in the way of a loan. I realize that this is a problem which concerns the provinces as much as the federal government. However, when we visualize the national benefit that would be derived from the over-all growth and prosperity of Canada by giving active encouragement to these people we should consider immediate steps to devise ways and means to assist those who are ready and willing to go on the land. It seems to me that while the government is very much interested in the wheat farming of the west and the fruit and tobacco farms of the east, it does not show the same zeal for the welfare of the small farmer of northwestern Ontario.

I am in full accord with the proposal to establish an independent research organization as suggested by the interprovincial farm union council, with representation from the district of Thunder bay. We have qualified farmers in our district who could make a substantial contribution to such a research council. In any such organization a capable representative from northwestern Ontario should be essential, because farming in that part of the province of Ontario raises problems which are not prevalent in other parts of Canada. If a research council is to be established, such council should be made operative for all types of farming and not be only of benefit to the wheat farmers. It should also embrace the problem of the small mixed farmers, whose facilities for the development of their holdings are very limited. These are types of farms involving practices which do not apply to other areas; hence the importance of expert advice and assistance, beginning with the establishment of a policy which would enable the small farmers to obtain long term loans from the farm loan board, which at present, as I have indicated, because of undue restrictions does not meet the exigencies and requirements of the average farmer of northwestern Ontario.

In closing, I am going to ask the minister to indicate if the government is considering the establishment of a research council and, secondly, has the government any land loan policy which would be of benefit to small farmers?

Mr. Rapp: Mr. Chairman, in rising to take part in this debate I would like to be permitted to express my appreciation for some of the proposed legislation for this session pertaining to agriculture. As a western farmer it was very gratifying to me to hear that a national crop insurance plan will be presented to th ehouse for its consideration. This long sought legislation asked for by farmers and authorities on agriculture for many years is a very important and essential legislation and is long overdue. When I think back over the years when acres and acres of farm land in the west were flooded and could never be sown to crops; or when I think back to the years when land that was sown could never be harvested because of heavy fall rain and the crop had to be left in the fields over the winter to deteriorate to the point where it never could be harvested; or when I think of beautiful stands of grain wiped out, together with the farmers' hopes, by one hour's frost; then and only then can one understand what a national crop insurance scheme could mean to a farmer. Our Prime Minister is familiar with these hazards, and on August 30 last he spoke in the house about his intention to introduce legislation dealing with crop insurance.

The other legislation awaiting parliamentary approval concerns improved conditions of farm credit. We have heard much about the need of young farmers to establish themselves on economic farm units, but it would be both useless and senseless for us to keep talking about this if we cannot provide them with the necessary means of making their farms economic units either by diversifying them, enlarging them or by using the latest farm methods and equipment. All this can only be done if long term credit is made available to enable all these things to be accomplished. Many of our younger farmers, who wanted to make farming their life occupation have been handicapped because they could not qualify for farm loan credits.

But the most welcome and heart warming words which I have heard for a long time were those which spelled out this government's recommendation to review the discriminatory effects of horizontal freight rates and the latest increases. What do these increased freight rates mean to the farmer in the west and in the maritimes, and how do they affect their economies?

To give hon. members a true picture, and illustrate my point, I must take the committee back to the year 1947. If a farmer bought a harvester combine in that year he had to have it shipped to his home town in the west, and was charged $300 for freight. Ten years later, in 1957, let us suppose he has to replace his combine. Suppose he buys the same kind of machine, a machine of the same size which suits his farm best. Again he has to ship the combine to his farm, but this time the freight bill is not $300, it is a figure twice as high. Why is this? It is because freight rates had been allowed to increase by 125 per cent during the 10-year period. But this is not the end of the story. The manufacturer, too, had to pay a higher freight rate on the materials used to build this combine—125 per cent more in 1957 than in 1947. Of course, as far as the manufacturer was concerned this only meant that he had to increase the price of the combine by the amount of the additional freight it cost him.

The simple truth illustrated by this example of the purchase of a combine is that in freight rates alone the price rose during that 10-year period by between 200 and 300 per cent. However, a harvester is not the only piece of machinery which a farmer has to buy. He needs many more implements such as tractors, drills, and so on, the list seeming to be unending once a farmer begins to buy machinery. And farmers must pay freight on them all, whether they buy an $8,000 combine or whether they sell and ship their own products. For them it is a one way street, coming and going. Mr. Chairman, are you still wondering why the cost of farm production is so high, and what the facts are behind the price squeeze?

Freight rates are one most important factor about which we have heard many complaints. These discriminatory freight rates should never have been allowed to come into force. The Turgeon royal commission recommended that horizontal freight rate increases were unfair and unjust. Nevertheless they were allowed to go on year after year until they reached the point where they were a staggering 125 per cent above the 1947 level. Our party, in opposition at that time, sounded a warning and pointed out the serious consequences these increases would have on our economy, but nothing was done. Of course, we are not washing our hands as if to say it is not our fault and nothing can be done to remedy the situation. This government has recognized that a serious problem exists, and has undertaken to revise the whole freight rate structure so as to avoid the detrimental effects of a horizontal freight rate increase.

Speaking of freight rates, I should like to bring to the attention of the committee another unjust freight rate, namely the freight rate on rapeseed. The present freight rate structure will definitely restrict the development of the rapeseed industry. In order that hon. members may be able to compare the figures, may I say that the freight rate on wheat, oats, barley and rye from Saskatoon to Fort William is 22 cents per hundredweight: the rate for flax is 23½ cents per hundredweight. The rate for rapeseed, however, is no less than 70 cents per hundredweight. Cereal grains and flax are covered by the Crownest pass agreement, but rapeseed is not. Consequently, rapeseed is subjected to further increases in freight rates as they become effective. At the present time, the railways have a further application pending for a 17 per cent increase in freight rates. Applied to rapeseed this would bring the rate from Saskatoon to Fort William to 82 cents per hundredweight. Unless action is taken to modify the effect of present rates, production will be curtailed and acreage now growing rapeseed will again be put under wheat.

Rapeseed cannot be competitive in the situation I have described. The handling, marketing and storage of rapeseed are processes identical with those carried out in the case of other grains. Rapeseed is accepted and carried by ocean carriers at the same rate as flax or other grains to all parts of the world and lake freighters carry rapeseed at the same rate as they carry other grains.

Seemingly the only people who do not recognize rapeseed as a grain are the Canadian railways. Yet the railroads incur no more costs in handling rapeseed than are incurred in handling any other grain; there is no difference between rapeseed and flax when it comes to transportation.

In addition to freight rates, tariffs have also affected the expansion of this branch of the industry. Rapeseed, when processed, is manufactured into an edible oil comparable to soybean oil, or any of the other oils on the vegetable oil market.

Progress reported.

Mr. Speaker: It being five o'clock, the house will now proceed to private and public bills, the former having precedence, pursuant to standing order 15(3).

PRIVATE BILLS

Mr. Speaker: There are a number of private bills standing for consideration in committee of the whole house. Is it agreed that in accordance with standing order 54(1) they be referred to the committee of the whole in one motion?

Some hon. Members: Agreed.

Mr. McIlraith: Just before we go into committee, do I understand that private bills, items No. 130, 131, and so on, are included?

Mr. Speaker: They are all included. No member loses any precedence or rights. All this means is that it takes one motion instead of seven to put them into committee.

Mr. McIlraith: Thank you.

CONSIDERED IN COMMITTEE—THIRD READINGS

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

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

Bill SD-3, An Act for the relief of Gertrude Czerny Thomschitz, otherwise known as Gertrude Czerny Thomas.—Mr. McCleave.

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

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

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

Bill SD-7, An Act for the relief of Margaret Craig Murdoch.—Mr. McCleave.

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

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

[Mr. Rapp.]

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

Bill SD-11, An Act for the relief of Silvia Frederike Diethilde Beate Angela Buchsel Fatter.—Mr. McCleave.

Bill SD-12, An Act for the relief of Marie Cordelia Marie-Ange Pigeon Gaboriau dit Lapalme.—Mr. McCleave.

Bill SD-13, An Act for the relief of Jeannine Genevieve Jagelavicus Kusleika.—Mr. McCleave.

Bill SD-14, An Act for the relief of Viola Bleir Josephovits.—Mr. McCleave.

Bill SD-15, An Act for the relief of James John Thomson Keay.—Mr. McCleave.

Bill SD-16, An Act for the relief of Constandina Alimanisteanu Butas.—Mr. McCleave.

Bill SD-17, An Act for the relief of Viola Gertrude Elizabeth Boyd Theroux.—Mr. McCleave.

Bill SD-18, An Act for the relief of Sydney Arthur Powell.—Mr. McCleave.

Bill SD-21, An Act for the relief of Geraldine Joy Conway Cook.—Mr. McCleave.

Bill SD-22, An Act for the relief of Joan Natalie Miller Martin.—Mr. McCleave.

Bill SD-23, An Act for the relief of Jeanne d'Arc Gravelle Senecal.—Mr. McCleave.

Bill SD-24, An Act for the relief of Barbara Mary Scott Norman.—Mr. McCleave.

Bill SD-25, An Act for the relief of Alice Schleicher Dorotich.—Mr. McCleave.

Bill SD-26, An Act for the relief of Mary Jane Holmes Phillips.—Mr. McCleave.

Bill SD-27, An Act for the relief of Barbara Lorrain Campbell Clarke.—Mr. McCleave.

Bill SD-28, An Act for the relief of Helen Margaret Davidson Beckett.—Mr. McCleave.

Bill SD-29, An Act for the relief of Ruth Dankner Liberman.—Mr. McCleave.

Bill SD-30, An Act for the relief of Norma Mary Rose Purchard Clarkin.—Mr. McCleave.

Bill SD-31, An Act for the relief of Eva Greenblatt Besner.—Mr. McCleave.

Bill SD-32, An Act for the relief of Ruth Millstein Backman.—Mr. McCleave.

Bill SD-33, An Act for the relief of Percy Kark Claxton.—Mr. McCleave.

Bill SD-34, An Act for the relief of Marion Beulah Francis Meehan.—Mr. McCleave.

Bill SD-35, An Act for the relief of Nina Olga Titow Dorion.—Mr. McCleave.

Bill SD-36, An Act for the relief of Sylvia Florence Van Straten Weber.—Mr. McCleave.

Bill SD-37, An Act for the relief of Joseph Fernand Roger Boucher.—Mr. McCleave.

Private Bills—Divorce

Bill SD-38, An Act for the relief of Jacqueline Shirley Mary Parnell Gardner.—Mr. McCleave.

Bill SD-39, An Act for the relief of Esther Daisy Moynan O'Regan.—Mr. McCleave.

Bill SD-40, An Act for the relief of Susan Pick Bereznik.—Mr. McCleave.

Bill SD-41, An Act for the relief of Josephine Zauberman Schiller.—Mr. McCleave.

Bill SD-42, An Act for the relief of Hanna Liselotte Gertrud Tiegs Kallus.—Mr. McCleave.

Bill SD-43, An Act for the relief of Dorothy Louisa Stradwick Coffin.—Mr. McCleave.

Bill SD-44, An Act for the relief of Marc Aurele Bourget.—Mr. McCleave.

Bill SD-45, An Act for the relief of Marie Yolanda Marotta Henshaw.—Mr. McCleave.

Bill SD-46, An Act for the relief of Bernice Sylvia Sinclair Somerville.—Mr. McCleave.

Bill SD-47, An Act for the relief of Judith Ortenberg Baxt King.—Mr. McCleave.

Bill SD-48, An Act for the relief of Yaroslavna Zonia Lazarowich Johnson.—Mr. McCleave.

Bill SD-49, An Act for the relief of Gertrude Scharge Izenberg.—Mr. McCleave.

Bill SD-50, An Act for the relief of Joseph Moreau.—Mr. McCleave.

Bill SD-51, An Act for the relief of Sydney Hislop, otherwise known as Sidney Hislop.—Mr. McCleave.

Bill SD-52, An Act for the relief of Lenoir Grace Spencer Jennings.—Mr. McCleave.

Bill SD-53, An Act for the relief of Olive Florence Andrews Bowness.—Mr. McCleave.

Bill SD-54, An Act for the relief of Pearl Severs Schrieder.—Mr. McCleave.

Bill SD-55, An Act for the relief of Vivien Joyce Taylor Ross.—Mr. McCleave.

Bill SD-56, An Act for the relief of Jacqueline Jeanne Lamy Harper.—Mr. McCleave.

Bill SD-57, An Act for the relief of Kathleen Iris Daunt Robinson.—Mr. McCleave.

Bill SD-58, An Act for the relief of Jacques Flahault.—Mr. McCleave.

Bill SD-59, An Act for the relief of Gladys Allen Marvin.—Mr. McCleave.

Bill SD-60, An Act for the relief of Miriam Keppel Segal.—Mr. McCleave.

Bill SD-61, An Act for the relief of Ronald Ernest Fyfe.—Mr. McCleave.

Bill SD-62, An Act for the relief of Elsie Elizabeth Wand Bourret.—Mr. McCleave.

Bill SD-63, An Act for the relief of Margaret Sonia Lawrence Canny.—Mr. McCleave.

Bill SD-64, An Act for the relief of Andree Pauline Dorothy Pryce Clarke.—Mr. McCleave.

Bill SD-65, An Act for the relief of Henry Frank Whiston.—Mr. McCleave.

Bill SD-66, An Act for the relief of Rita Thibeaudeau Cardinal.—Mr. McCleave.

Bill SD-67, An Act for the relief of Janine Sutto Dagenais.—Mr. McCleave.

Bill SD-68, An Act for the relief of Evangeline Vaughan Fortin.—Mr. McCleave.

Bill SD-69, An Act for the relief of Gloria Helen Gross Caplan.—Mr. McCleave.

Bill SD-70, An Act for the relief of Thelma Georgine Ferguson Strathy.—Mr. McCleave.

Bill SD-71, An Act for the relief of Percy Herbert Manuel.—Mr. McCleave.

Bill SD-72, An Act for the relief of Irene Balk Goodson.—Mr. McCleave.

Bill SD-73, An Act for the relief of Jean Grant Shacklock.—Mr. McCleave.

Bill SD-74, An Act for the relief of James Kennedy Andrews.—Mr. McCleave.

Bill SD-75, An Act for the relief of Lillian Haber Rudner.—Mr. McCleave.

Bill SD-76, An Act for the relief of Esther Lilian Issenman Rosen.—Mr. McCleave.

Bill SD-77, An Act for the relief of Ana Nili Indursky Seeman.—Mr. McCleave.

Bill SD-78, An Act for the relief of Joan Howell McShane McNulty.—Mr. McCleave.

Bill SD-79, An Act for the relief of Euphemia Caldwell Miller Armitt Esber, otherwise known as Effie Monas Esber.—Mr. McCleave.

Bill SD-80, An Act for the relief of Goldie Yelin Freedman.—Mr. McCleave.

Bill SD-81, An Act for the relief of Claire Segal Pottel.—Mr. McCleave.

Bill SD-82, An Act for the relief of Klara Schillinger Aschner.—Mr. McCleave.

Bill SD-83, An Act for the relief of Bernice Helena Peritz Loeb.—Mr. McCleave.

Bill SD-84, An Act for the relief of Margaret Soll Rajeczky.—Mr. McCleave.

Bill SD-85, An Act for the relief of Audrey Edna Watson Robert.—Mr. McCleave.

Bill SD-86, An Act for the relief of Abbie Alice Mahon Reed.—Mr. McCleave.

Bill SD-87, An Act for the relief of Alice Christine Leduc Patrick.—Mr. McCleave.

Bill SD-88, An Act for the relief of Georgina Joan Saunders Smith.—Mr. McCleave.

Bill SD-89, An Act for the relief of Bryan Mills Taylor.—Mr. McCleave.

Bill SD-90, An Act for the relief of Dorothy Sarah Sheehan Burchmore.—Mr. McCleave.

Private Bills

Bill SD-91, An Act for the relief of William Irvine Moore.—Mr. McCleave.

Bill SD-92, An Act for the relief of Audrey Lynn MacGillivray.—Mr. McCleave.

Bill SD-93, An Act for the relief of Sarah Goldfarb Nash.—Mr. McCleave.

Bill SD-94, An Act for the relief of Witolda Poplawska Wojciechowski.—Mr. McCleave.

Bill SD-95, An Act for the relief of Martha Waugh McClure.—Mr. McCleave.

Bill SD-96, An Act for the relief of Leslie Ronald Cant.—Mr. McCleave.

Bill SD-97, An Act for the relief of Cecile Desjardins Morin.—Mr. McCleave.

Bill S-4, An Act to incorporate The Waterloo Mutual Insurance Company. — Mr. Weichel.

Bill S-7, An Act respecting Gore District Mutual Fire Insurance Company. — Mr. Anderson.

Bill S-10, An Act respecting Baloise Fire Insurance Company of Canada.—Mr. Taylor.

Bill S-9, An Act respecting The North American Accident Insurance Company. — Mr. Macnaughton.

Bill S-5, An Act respecting The Canadian Medical Association.—Mr. Horner (Jasper-Edson).

BOILER INSPECTION AND INSURANCE COMPANY OF CANADA

The house in committee on Bill No. S-8, respecting the Boiler Inspection and Insurance Company of Canada—Mr. Morton—Mr. MacEwan in the chair.

Clauses 1 and 2 agreed to.

On clause 3—*Subdivision of existing capital stock.*

Mr. Morton: Mr. Chairman, in respect of clause 3, as a result of a discussion when this bill was before the committee I understand the hon. member for Ottawa West has an amendment to propose. I understand it is an amendment that has to do only with the changing of wording but makes no material change in the meaning.

Mr. McIlraith: Mr. Chairman, clause 3 of the bill as it appears reads this way:

> The three thousand shares of the company issued and outstanding prior to the passing of this act and having a par value of one hundred dollars each shall be subdivided into thirty thousand of the aforesaid shares having a par value of ten dollars each on the basis of ten shares for one. The said thirty thousand ordinary shares shall constitute the total issued capital of the company at the date of the coming into force of this act.

At the time this bill was being dealt with by the banking and commerce committee some question was raised to the language used in this clause, although there was no difference of opinion, or no disapproval of what was being sought to be done by the clause, or what the petitioners were asking to be done. Following that discussion and because I had taken a rather active part in it in committee, I took the opportunity of consulting with the law clerks on the question of the draftsmanship of the clause and I found that some of the views I held on the draftsmanship were supported, and some additional points of view were expressed on them. I got a rather lengthy opinion from the parliamentary counsel and the assistant law clerk. I think it is not necessary to take up the time of the committee on the points raised but perhaps I should say a word or two about them. It will be noted that in the third line—that is, line 30 of the bill now before the committee—the words "shall be subdivided" are used. The provision is that the existing shares of the compnay now in existence shall be subdivided when the new legislation now before us comes into effect. Then, in the last sentence this statement is made:

> The said thirty thousand ordinary shares shall constitute the total issued capital of the company at the date of the coming into force of this act.

That is, presumably, the new shares. It was pointed out that probably the difficulty in language can be corrected by simply striking out the words "shall be" in line 30 and substituting therefor the word "are". But there are still further difficulties in the language because, referring to the point of time and the coming into force of the act the expression is used in the second and third lines, "prior to the passing of this act" and then, in referring to the point of time at the very end of the clause, the expression is used, "at the date of the coming into force of this act." It will be seen that there is a looseness of terminology there. It will be further seen that in line 33 of the clause the words, "the said thirty thousand shares" appear, when there are no said thirty thousand shares. It seems to me that the use of these words is not accurate and it is capable of a good deal of confusion. The result of it all is that I think there should be new language and the suggested language which I propose to move after I have read it is the language suggested by the parliamentary counsel and the assistant law clerk, which reads:

> Each of the 3,000 shares of the company issued and outstanding and having a par value of $100 is hereby subdivided into 10 shares having a par value of $10 each, so that the capital stock of the company now issued and outstanding shall consist of 30,000 shares having a total par value of $300,000.

That is the clause suggested by the officials. Therefore I should like to move, seconded by the hon. member for Colchester-Hants (Mr. Kennedy):

That clause 3 of Bill S-8, an act respecting the Boiler Inspection and Insurance Company of Canada, be deleted, and that the following be substituted therefor:

"Each of the 3,000 shares of the company issued and outstanding and having a par value of $100 is hereby subdivided into 10 shares having a par value of $10 each, so that the capital stock of the company now issued and outstanding shall consist of 30,000 shares having a total par value of $300,000."

Mr. Morton: Mr. Chairman, just to assure the committee I should state that after the amendment was brought to my attention I brought it to the attention of the parliamentary agent, the Toronto solicitor acting for the company, and he approved of the amendment as being satisfactory. I also checked with the superintendent of insurance, under whose jurisdiction these matters come, and he has forwarded a letter to me approving of the change. I have also checked with other officials concerned, including the chairman of the standing committee on banking and commerce, and the amendment is in order so far as they are concerned.

Amendment agreed to.

Clause as amended agreed to.

Clauses 4 and 5 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

EVANGELICAL MENNONITE CONFERENCE

Mr. W. H. Jorgenson (Provencher) moved the second reading of Bill S-11, to incorporate the Evangelical Mennonite Conference.

Mr. Pickersgill: Is the hon. gentleman going to say something?

Mr. Jorgenson: The purpose of the bill is to establish a co-ordinating body for the Mennonite congregation now adhering to the group commonly called the Mennonite Evangelican Church. Incorporation is primarily for administration purposes.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

DAWN JEAN MCKENZIE BARR

On the order:

Second reading of Bill SD-98, an act for the relief of Dawn Jean McKenzie Barr.—Mr. McCleave.

Mr. Speaker: Is it the pleasure of the house that the divorce bills standing on the order paper for second reading be taken in one motion?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Bill SD-98, An Act for the relief of Dawn Jean McKenzie Barr.—Mr. McCleave.

Bill SD-99, An Act for the relief of Helen Ann Kovach Ujvary.—Mr. McCleave.

Bill SD-100, An Act for the relief of David Scott Brown.—Mr. McCleave.

Bill SD-101, An Act for the relief of Doris Margaret Turner Smiley.—Mr. McCleave.

Bill SD-102, An Act for the relief of Esther Mendelson Levy.—Mr. McCleave.

Bill SD-103, An Act for the relief of Joseph Louis Charles Gabriel Gascon.—Mr. McCleave.

Bill SD-104, An Act for the relief of Angelo Ciamarro.—Mr. McCleave.

Bill SD-105, An Act for the relief of Gerald Leblanc.—Mr. McCleave.

CANADA ELECTIONS ACT

EXTENSION OF RIGHT TO VOTE AT ADVANCE POLLS

Mr. D. M. Fisher (Port Arthur) moved the second reading of Bill No. C-10, to amend the Canada Elections Act (voting at advance polls).

He said: The disconcerting speed with which we have moved in processing bills today is in marked contrast to the fate of this particular bill, because this is the fifth time it has been introduced into the house and each time it has been garlanded with all sorts of approval. Everyone seems to think there is a marvelous principle involved in this particular bill, but it is usually talked out. Fortunately today the time during which it can be talked out is not going to be very long. I am pleased to see the minister who is responsible for this particular department in attendance. I am pleased also to see the tall member for Halifax, the hon. member for York-Scarborough (Mr. McGee) and the other member from Toronto, whom we usually see when bills are to be talked out. I hope they will pass around the honours today.

The Canada Elections Act is peculiarly an act that is handled within the House of Commons framework. The executive takes much less of a lead in regard to amendments to this act. This act is much more sensitive to the opinion of hon. members. It is traditional that during the first session after an election when most grievances with regard to the act are sharper the standing

committee on privileges and elections does not sit. The sittings of this committee are postponed until the second session. I have a good hunch when the next election is going to be. It is going to be sometime in late May or early June of 1962. The reason it is going to be then is, of course, that with the great majority the Prime Minister (Mr. Diefenbaker) has he can call an election at any time. It will not be any later than that because if it is later he will have to go to the people with a completely new distribution of seats which will mean the losing of at least three seats in Saskatchewan. The Prime Minister comes from there and I am assuming he will not want to fight the next election on that basis, so I have deduced the date to be early June, 1962.

This does give us some considerable time to make changes in the Canada Elections Act. I think there is almost universal agreement, even amongst such generally contradictory bodies as the Canadian chamber of commerce and the Canadian Labour Congress, that we need to extend the advance polling privileges. This privilege is limited now to a few occupations. The general reason for extending the scope has to do with changes in society. We have much more mobility in our labour force; many more sales personnel on the road and wider distances to cover. People are planning their vacations to a greater extent, even planning them months ahead because it is possible to make that type of arrangement now which cannot be altered even for such a fundamental as casting a vote.

The principle involved in this particular bill is a very simple one. The amendment seeks to extend the privilege of voting at advance polls to any Canadian who is aware of the fact he is not going to be at his proper polling place on election day. This is really all the bill does, and that is the principle involved. It has been noticeable in previous debates that speakers who approved of the principle and wanted to have enough time to talk the bill out always dove into the actual provisions of the bill.

Hon. members have been critical of several points, and one of those points has been the feeling that the regulation involved in this particular bill will make it difficult in rural polls. I should like to put it to most hon. members, not so much in contradiction of that but in balance, that the people in rural polls have a tremendous advantage in so far as voting is concerned over the people in urban polls. Provided a voter in a rural poll can get a neighbour to identify him, he can be sworn in and cast his vote. However, this provision does not apply to urban polls and it is in urban polls where the greatest pressure exists for advance polling privileges, not only because they are the more populous but because they are the polls in which there are more people who are moving in society.

The hon. member for Skeena (Mr. Howard) has another bill on the order paper relating to absentee voting. This is something with which the standing committee on privileges and elections will have to deal. I should like to remind hon. members that there is a distinction between the two. I have to say, fairly and truthfully, that what we need is a complete revision of the Canada Elections Act from a fairly wide point of view. A thorough study is needed to assess the merits of the various schemes of absentee voting and voting at advance polls. The absentee voting system is really designed so that no matter where you are in Canada you can vote for a particular candidate in your particular constituency. This is not such an urgent problem as voting at advance polls, that is in the sense of a real grievance, but it also needs to be considered.

We have some marvelous examples in British Columbia, Saskatchewan, and to a degree in Ontario and Manitoba, where very serious and sincere efforts have been made to extend this particular privilege to more people. I think, in the main, they have worked well. Last year I touched on one of the weaknesses of the extension of advance polling privileges in Ontario, and that was the relatively high cost in relation to the number of votes cast. However, we are going to have an election in Ontario this year. It seems to be in the cards, and I think we will find that the advance polling privilege will be used much more this time than it was last, when the people, especially the party organizations, were not so aware of it.

Now, the final point I wanted to make in so far as the bill is concerned is that the principle is a good one. I think almost everyone will recognize that there is hardly a member of parliament who has not been haunted at election time, and especially on election day, by phone calls from people who have not been able to vote because of the narrowness of the restriction of this privilege. There really is no reason why a commercial traveller or a transport worker should have an advantage in voting over someone who, because of the nature of his employment, is forced to be away on election day.

This particular lack disenfranchised hundreds of voters in my own constituency in the last election. They are woods workers and were covered and put on a poll list out

in the woods camp. It just so happened that between the time they were registered as voters and polling day these camps were closed down and the majority of the men moved into urban polls where they could not be sworn in. Hence that whole group was disenfranchised. I am not saying that this particular legislation would cure that particular difficulty but it would tend to cure it in that it would give them a longer period in which to vote. I hope it would fit in with the other changes in the election act that would give them a chance to vote such as extending to the urban polls the privilege that people now have in the rural polls.

The electoral officer this particular house has to deal with is a well-informed gentleman. He has helped to a degree in conection with almost all the bills that private members have brought in with respect to changing the Canada Elections Act. At the very least he has provided a tremendous amount of information. I hope the present minister who has the responsibility and the present chairman of the standing committee on privileges and elections are in close touch with the chief electoral officer. I know the spirit and the general attitude of the chief electoral officer and his senior officials is a progressive one; I mean it is progressive in the sense that they are as much aware as we are or perhaps more so, of the tedious administrative difficulties involved in changes in the act but also in bringing the privilege of voting and the right of voting to more people. For that reason I should like to see someone move that this bill, after the principle has been approved, be referred to the standing committee on privileges and elections.

After this particular committee has heard from the electoral officer and from the various members who have an interest in this kind of amendment and change, this particular bill could be the focal point for considering that particular aspect of the Canada Elections Act. I think it would provide the members of the committee with a starting point that would be a good relative consideration in relation to the present regulations. Certainly I believe the difficulties involved in the consequential changes arising out of this bill are going to be encountered in making adjustments. I think this particular bill and the bill on absentee voting would be an excellent starting point for major changes in the elections act with regard to polling.

Despite what I seem to feel is a thickening lethargy and a thickening disinterest on the part of many government members on such matters, I feel that this particular change is going to come before the election in late May or June of 1962.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, during the early part of the remarks of the hon. member for Port Arthur (Mr. Fisher) I was tempted to rise on a question of privilege; but in view of the incident which occurred yesterday it does not seem that that crowd pays too much attention to the rules of this house anyway, so I decided not to bother. His remarks were another aspect of the sanctimonious and pious attitude emanating from that corner of the house based an the assumption that anybody who speaks after the great man has let fly his pearls of wisdom simply has nothing to say; and that once this great wealth of wisdom has commented on a certain bill there is really no necessity for any of us to speak, we can all go home and that group can carry on throughout the rest of the session and pass all of the bills. As I say, that seems to be the assumption. I should like, through you, Mr. Speaker, to let the hon. member for Port Arthur know that there are certain of us who have a genuine and honest interest in matters such as this and that simply because we have the temerity to rise and speak to a bill does not mean what the hon. member indicates.

Mr. Pickersgill: Is that the typescript of the hon. gentleman's speech?

Mr. Fisher: Read it.

Mr. McGee: Mr. Speaker, I see that the hon. member for Bonavista-Twillingate is still incapable of keeping his nose out of virtually every speech that is made here. I should like to quote a pertinent remark made by one Hilaire Belloc. He reminds us that the very eccentricities of professors, their peculiarities of gait, their squint, their oddities of gesture and speech, are a curse put upon them as punishment of their terrible sin of pride.

Mr. Speaker: I did not know that professors were involved in this particular piece of legislation.

Mr. McGee: I beg your pardon, Mr. Speaker; but it was an opportunity to reply to the consistent and persistent interruptions from that section of the house.

As far as my views are concerned on this particular bill, I approve the principle of it with reservations. My reasons for approving the principle apply in particular to some of the aspects of the bill mentioned by the hon. member for Port Arthur. I would refer to such people as holidayers, employees of companies, of which there are large numbers in my riding—and I used to be one myself—who have virtually no choice when they will take their holidays. They apply early in the year, months and months

ahead, to take their holidays at a particular week or period of one or two weeks in the summer, late spring or early fall. When an election is called after that decision is made these people have no opportunity to alter that holiday period and they are either at the cottage or resort some hundreds of miles away from their normal place of residence, or are touring through the many beauty spots of Canada or the United States. I think it is asking a great deal to ask a person, particularly one such as I was in recent years, with two short weeks to enjoy in a regular working year, to leave a cottage two or three hundred miles away, spend the better part of two or three days in getting back home and then to drive back to the cottage or to interrupt touring plans in order to return home to vote.

I approve the principle as it applies and as this bill will obviously assist such persons. The same thing applies to employees of commercial firms in capacities other than those covered by the present act. While a travelling salesman operating on commission certainly is entitled to go to the advance poll under the present regulations, a man working for someone else again has no choice. He is told to go to a certain place at a certain time. While we have many responsible employers in this country who try to avoid the possibility of this difficulty costing a man his vote, unfortunately there are many who either do not consider it in time or who have plans which have been made so far in advance that it is impossible to change them.

These are the obvious reasons and there are many others. I have been looking over the debates on this bill in the past two sessions. What I should like to discuss for a few moments are some of the problems inherent in the holding of an earlier poll. I suggest there are serious difficulties in this matter and prodigious problems as far as I myself am concerned.

One aspect of that argument, of course, is that an election is something like a jury trial. The electors are the jury and the candidates present their cases to that jury. It seems to me that at a period of something like ten days before an election all the evidence is simply not in. Issues are developing and move from side to side. Public opinion sways back and forth between the two major candidates. It raises doubts in my mind from what I have seen of municipal, provincial and federal elections. You have to contend with the well known technique of the smear campaign. A statement is made late enough in the election that it is impossible for the person who is alleged to have committed an offence to have the opportunity to reply to it. How this would affect the results of an advance poll raises serious questions in my mind.

Another thing I am concerned about is, what percentage of the voters eligible to vote in advance polls will vote? I know from reading previous debates that reference was made by the then member for Winnipeg North Centre to recent elections in Manitoba. I think he described the percentage of advance poll voters as relatively small. I think the hon. member for Davenport (Mr. Morton) last year made reference to the fact that in the Ontario election in 1955 again the numbers were small. I would like to know what sort of percentages we are dealing with here. What are the anticipated percentages in the event that the scope of this particular aspect of the act is widened? It seems to me, on examining the records of elections over the years, that the percentage difference between the votes of the two major parties which decide who shall form the government, and the percentages in individual cases of candidates in most of the federal elections in our history, has been relatively small. I am wondering if there is a danger, when you are increasing the percentage of those who make the decision at a time when, as I have suggested, the evidence is not in and the picture is not complete, that this might have quite a serious result. Certainly in a close election it could have a decisive effect on the result. The percentage increases, as I think it will when people become accustomed to these new voting habits. Is this likely to result in two campaigns in one? Is it likely to result in a campaign designed to appeal to that section of the electorate which would be voting earlier and then a later campaign designed to focus upon the final election date?

I mentioned earlier that this would pose a virtually insurmountable problem in my own case. There are in my constituency at the moment about a quarter of a million people. My estimate is that by the time the next election rolls around there will be approximately a third of a million. As to what the number of voters might be is very difficult to assess. There are large numbers of young children in my riding, and many young families. However, the simple problem does remain, that in my case I can inform the electorate what my name is, what my party is, and so on, in the form of a postcard to them, but if this legislation is enacted, how can I tell these people the simple facts without going broke in the process? My estimate is that it would cost me something like

$3,000 to pay for the stamps to put on the postcards to tell the electors in my riding who I am.

If there is going to be an appreciable number of the electors in my riding voting at an advance poll, the question arises, should I send this information out ten or even fifteen days before the election? Obviously if there are going to be an appreciable number of persons voting I am in trouble, because I must contact them either too early or wait until later in the election and I cannot do both. I was hoping I would have heard some discussion from the hon. member who introduced this bill as to the numbers he has in mind when he suggests that these advance polls be moved back as the bill indicates. If any other member speaking to this bill has any ideas on this subject, I would be most interested to hear them. As I said at the beginning, Mr. Speaker, I favour the principle of this bill, but I have some reservations about its application in my particular case in the next election.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I was happy to hear the member for Port Arthur (Mr. Fisher) clarify two things this afternoon. He told us first when the next federal election will be, and he has told us when the next Ontario provincial election will likely be. I am sure now that we know these facts we can prepare ourselves accordingly.

In rising to speak to this question, I, like the other two members, agree with the principle. I think all of us who have taken part in elections, even before we had our nominations—when perhaps we were working for others who were federal candidates—appreciate the fact that in many cases people who are entitled to vote and have the qualifications under the act were denied the right to vote because they were absent. In principle I go along with the terms and conditions of the amendment in question. The explanatory notes very simply put states:

> The privilege of voting at an advance poll is now restricted to a limited number of voters, namely commercial travellers, fishermen, persons employed upon railways, vessels, airships, etc., members of the reserve forces, the R.C.M.P. etc.

It does seem, on examining and discussing this matter with the people who feel they have the privilege of voting in their absence, that because they do not fill in their application they are denied their franchise. On examining the bill itself one is faced with two or three questions. I want to deal with some of the questions which might affect a rural constituency, particularly one like mine, Bow River, in Alberta. In rural constituencies it would seem, when setting up advance polls, that it would be necessary that all communities, all villages or towns, have an advance poll. In that instance there would be an increase in the number of advance polls. The way the position stands at the moment, I only have a very small portion of the city of Calgary along by the Bow river and there is only one advance poll. Under the amendment, if it passed, it would mean we would have to have advance polls in all the towns and villages in some of the rural communities, because if the act is to be equitable and carry out in principle what it intends, then it would be very unfair for a man in one constituency to travel 35 miles while another man travels only one mile. There would have to be a lot more advance polls, and when we run into that sort of thing it would affect the question of the cost of running an election.

There is a second point I should like to make. I am sure it is one which has been considered by others in the past because I understand this bill has been before the house on previous occasions. The time between the date of nomination and the date of the election would be extended under the terms of the act by at least one week, which would make it three weeks instead of two. The reason for that is that because of the number of advance polls which would take place in these circumstances it would be necessary for the deputy returning officer to tally the number of advance votes so that there would be no duplication. Then you would have to set up special machinery for advance polls similar to the machinery set up in the ordinary poll on voting day, complete with clerks, scrutineers and other officials—almost a duplication. This would, of course, work some hardship on the candidates themselves because they would have to have agents working for three or four days instead of on the one day at the election as presently required and that, of course, would result in extra expense.

It would be necessary for a candidate to have such scrutineers or agents, because if arrangements are not made similar to those made at the polls on election day there is always the chance of something taking place which is not quite according to law. This may seem like a digression, but it might be helpful to give an example of what happened at one of the polls when I first became a candidate in the election of 1957. I attended one of the polls and I saw two or three people handing out literature. This happened to be a facsimile of the ballot, on the back of which was a picture of my main opponent and the words: on the other side, see how to mark your ballot. And the people were able to take the ballot handed out—the facsimile—into the voting booth and mark the

ballot accordingly. That is the reason why we have provision for scrutineers in the original act, and that is why we should have to have candidates' agents present all the time. That is why it is clearly set out in the act that the principle of equity for all shall apply. If matters were left entirely to the discretion of the returning officers there would be a different system in every poll and in every constituency across the country and there would be no uniformity at all.

I have not done a great deal of research on this, but it does seem to me that some of the suggestions which were made by the hon. member for Port Arthur had merit and that they could profitably be studied in committee. With regard to the idea of an absentee voting system, I do know from my experience as a practising lawyer that Americans have come into my office in order to have certain documents notarized, thus entitling them to vote in elections at home. I believe this system is also used in certain countries of the commonwealth. It should be compared, in my opinion, with the system of advance polls which would be more costly and more cumbersome because it would mean a three-day election set up instead of the one-day system we have at present.

In summary I should like to repeat the main points I have raised. If this amendment were to carry it would mean the setting up of a number of advance polls. Second, there would have to be a greater time between the date of the nomination and the election date in order that the returning officer could get in all the returns so that it could be ascertained that those who had taken advantage of the advance poll in question had been removed from the voters list. Third, there would have to be special machinery set up which, again, would be more costly. Last, but not least it would impose something of a burden on candidates themselves, because they would be running a three-day election instead of a one-day election.

Before I sit down I should like to congratulate the hon. member for Port Arthur for presenting this amendment to the present act. As I understand it, the Canada Elections Act has not been changed for a number of years. The amendment deals with one of the major problems which all candidates encounter in an election. There are numbers of people who are denied their right to the franchise, and I feel that in a democracy if a man is absent because of business reasons or for some reason beyond his control he should not be prevented from voting. The hon. member for Port Arthur made a good point when he differentiated between the type of rules and regulations governing city polls and those governing rural polls. In the rural poll it is always possible for an applicant to be sworn in, but a person in a city poll is denied this privilege. Unless he checks the voters list and finds his name there or takes action in the period which is set before the election, he cannot take part.

I think we should streamline the act somewhat and make it possible for every qualified person in Canada to have the privilege of exercising his vote, whether he is at home on the day of the election or not. This legislation is equitable in its effect upon all, whether we support the Liberal party, the C.C.F. party or the Conservative party. We all know that it is a free contest in this democracy of ours, and we want to see such rules and regulations set up under the election act as will be fair to one and all.

Mr. W. L. M. Creaghan (Westmorland): I see it is nearly six o'clock, Mr. Speaker. I had quite a number of points I wished to add to this debate. Perhaps I might point out, however, that schedule 2 of the election act does provide for the constitution of advance polls across the country. At the present time there are approximately 150 towns, cities and villages which are able to hold advance polls. I have been advised by the chief electoral officer that in the last election about 250 advance polls were actually in existence because of the fact that some of the larger cities often had one advance poll per constituency. One advance poll was held in my own riding, and I know it was a busy poll.

Unfortunately, too few of our citizens have the privilege of voting at advance polls. There are many people such as loggers, miners, prospectors, and so on who, because of the rigid requirements of our election act, are in effect disenfranchised.

Mr. Speaker: I am sorry to interrupt the hon. member, but it is six o'clock.

BUSINESS OF THE HOUSE

Mr. Pickersgill: May I ask the leader of the house what is to be the business for Tuesday and Wednesday and, if possible, for the whole week.

Mr. Green: On Tuesday we intend to take four routine motions. One is in the name of the Prime Minister, providing for the Easter adjournment. The second is also in the name of the Prime Minister asking that the report of the Canada Council be referred to the public accounts committee pursuant to the Canada Council Act. These two motions are contained in *Votes and Proceedings* for today.

Then there are two other notices on today's order paper under government notices of

motion, one under my own name which would refer the estimates of the Department of Fisheries to the standing committee on marine and fisheries, the other in the name of the Minister of Finance referring the public accounts and some other documents to the public accounts committee. Then, we will take item No. 9 on today's order paper. This is a motion to refer the subject of the humane slaughter of food animals to the standing committee on agriculture; item No. 6, dealing with the appointment of parliamentary secretaries; item No. 8, a resolution which will provide for an amendment to the bill we are considering to amend the Fisheries Improvement Loans Act; then, item No. 4, a resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act; item No. 3, a bill to amend the Public Servants Inventions Act; item No. 1, a bill to confirm an agreement between the government of Canada and the government of the province of New Brunswick respecting Indian reserves; a motion to step up a joint committee to consider the Indian Act; and we also intend to consider estimates next week of the departments of agriculture and citizenship and immigration.

Mr. Pickersgill: Is it the intention to go along with this program right through the week in the order indicated?

Mr. Green: It will be that order for Tuesday. There may have to be some variation on the three remaining days.

It being four minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

RURAL MAIL CARRIERS, ETC., ATLANTIC PROVINCES

Question No. 131—**Mr. Pickersgill:**

1. How many rural mail carriers are there in (a) Nova Scotia; (b) New Brunswick; (c) Prince Edward Island; (d) Newfoundland?

2. What is the total annual remuneration for rural mail carriers in (a) Nova Scotia; (b) New Brunswick; (c) Prince Edward Island; (d) Newfoundland?

3. How many revenue post offices are there in (a) Nova Scotia; (b) New Brunswick; (c) Prince Edward Island; (d) Newfoundland?

4. What is the total annual remuneration of the revenue postmaster in (a) Nova Scotia; (b) New Brunswick; (c) Prince Edward Island; (d) Newfoundland?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. (a) 355, (b) 391, (c) 177, (d) 5.

2. (a) $624,830.76, (b) $651,504.06, (c) $247,573.00, (d) $6,171.50.

3. (a) 914, (b) 533, (c) 91, (d) 605.

4. (a) $716,920.94, (b) $496,383.61, (c) $98,-621.01, (d) $505,240.60.

RURAL ROUTE NO. 5, COLCHESTER COUNTY, N.S.

Question No. 145—**Mr. McWilliam:**

1. Were tenders called for a rural mail route, Tatamagouche No. 5, in Colchester county, Nova Scotia?

2. If so, what persons submitted tenders, and what was the amount of each tender?

3. Was a contract awarded? If so, to whom, and for what amount?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.

2. Donald Shirley McKay, Tatamagouche, P.O. Box 208, $1650; H. M. Coulter, Tatamagouche, $1950; Leroy Fenwick Esau, Tatamagouche R. R. No. 5, $2000; Daniel Blair Cloney, Tatamagouche R.R. No. 2, $2060; Sidney Cawley Bonnyman, Tatamagouche, $2069; Mrs. Ethel MacConnell, Tatamagouche R.R. No. 5, $2100.

3. Yes, Donald Shirley McKay, $1650 per annum.

EGG SALES TO VENEZUELA

Question No. 146—**Mr. McIlraith:**

1. Have eggs been sold to Venezuela by the Canadian government or any agency thereof, since December 1, 1958?

2. If so, at what price?

3. What did the Canadian government or agency, pay for such eggs?

4. What was the retail price to the Canadian consumer at the time of such sale abroad?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. The agricultural stabilization board has offered eggs to Canadian traders for resale to certain approved export markets including Venezuela.

2. Prices received since December 1, 1958, have varied from 5 to 16 cents per dozen f.o.b. storage below the price equivalent to the support price of 44 cents per dozen, grade A large Montreal, graded and packed in new wooden cases.

3. All eggs purchased by the board have been at a price related to the support price of 44 cents per dozen for grade A large at Montreal, graded and packed in new wooden cases.

4. The Canadian retail prices for the same grade of eggs vary greatly, sometimes even within the same store. The weekly poultry products market report shows a range of from 49 to 60 cents per dozen for grade A large in cartons to consumers in Montreal and a range of from 46 to 57 cents per dozen in cartons to consumers in Ottawa since December 1, 1958.

KREBIOZEN—CANCER RELIEVING DRUG

Question No. 211—**Mr. Martin (Essex East):**

Is the Department of National Health and Welfare in a position to comment on the claim made by Dr. Andrew C. Ivy regarding a drug known as krebiozen as a possible cure of relief-producing agency for cancer?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

A new drug submission (as required by the regulations under the Food and Drugs Act to give information for establishing the safety of all new drugs) was received by the department some years ago for krebiozen. The information submitted was not considered by the department as being complete in that no data was given to indicate that more than one lot was ever made or that subsequent lots would have the same composition and effects. The manufacturer was informed of this situation at that time and no further information has been received since to remove the objections.

Meanwhile clinical trials of the drug may be made in Canada by qualified investigators as permitted by section C.01.302 of the food and drug regulations. Results of a few of these tests have been sent to the department. However, until full information is received that krebiozen is a drug that can be made to an established standard, that the various lots of the drug can be properly controlled, and that it is and will be safe for the conditions of use

recommended, the distribution of the drug must be limited in Canada by the restrictions for new drugs laid down in the food and drug regulations.

It is necessary to be very careful in this respect, particularly so when the new drug is one that will be used in the treatment of cancer.

ACREAGE PAYMENTS TO WESTERN FARMERS

Question No. 224—**Mr. Martin (Essex East):**

1. What amount of money has been paid out from the amount of $40,000,000 provided last year for payments of $1 per acre to western grain farmers?

2. How many farmers have received these payments and what was the amount paid by provinces?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. As of February 27, 1959 $39,908,302 in cheques has been issued to farmers in connection with the western grain producers acreage payments.

2. 227,981 farmers have received payments. The distribution is as follows:—

Province	Farmers	Amount
Manitoba	42,604	$ 7,063,657
Saskatchewan	108,848	19,892,795
Alberta	75,111	12,720,820
British Columbia	1,418	231,030
Totals	227,981	$39,908,302

HOUSE OF COMMONS

Monday, March 9, 1959

The house met at 2.30 p.m.

PRIVILEGE

(Translation):

MR. GOUR—REFERENCE TO NEWSPAPER ARTICLE OF MARCH 7

Mr. J. O. Gour (Russell): Mr. Speaker, I rise on a question of privilege. I wish to put a matter right following a report published in a local newspaper Saturday concerning the Minister of Agriculture (Mr. Harkness) and myself. The report quotes me as saying:

(Text):

This newspaper article quotes me as saying, "The Minister of Agriculture is one of the worst ministers that Canada has." This is not what I said. I referred to the "ministry of agriculture", and I did explain my sentence properly. It might have been better if I had said that the portfolio of the Department of Agriculture is the worst among the portfolios. I gave the details to support my statement by saying that many lines of farming are different in the various provinces, that the western provinces produce mostly grain; Ontario and Quebec produce mostly dairy products and meat, while the maritimes produce mostly fish and potatoes, far from the marketing centres. We consume only a part of our production.

On the contrary, Mr. Speaker, when I started my remarks I said that I had known the minister for 14 years and that I considered him a very honest gentleman. However, I mentioned that being a minister in a Conservative government conducted by only the master we may expect him to make this so-called small politics, but I hope this will not happen.

(Translation):

On the contrary, Mr. Speaker, I said, at the outset of my remarks, that I have known the minister for 14 years and that I consider him an honest man and a nice gentleman. I mentioned, however, that since he is a cabinet member in a Conservative government, run by only one man he might be expected to play a little bit of politics, but that I hoped he would not do so.

(Text):

CANADIAN BROADCASTING CORPORATION

MONTREAL—ANNOUNCEMENT OF SETTLEMENT OF STRIKE

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, perhaps for the sake of the record and for posterity, because some day someone may be looking in *Hansard* and wondering what happened to a matter which has caused some concern to the house during this session, I should be permitted to say what hon. members know now, that the C.B.C. strike was settled on Saturday afternoon. In the early hours of Saturday morning the wording was agreed to as to the interpretation of the section which had caused some doubts heretofore.

This agreement was reached largely through the efforts of the hon. member for St. Lawrence-St. George (Mr. Chambers), who has worked tirelessly on this matter for weeks. As a result the wording was brought to Ottawa and was agreed to by the Canadian Broadcasting Corporation, and on Saturday afternoon the documents were signed. Shortly afterward the picket lines were brought to an end.

I should like to express my appreciation to the staff of the C.B.C. for the pressure under which they have been working, the difficult circumstances, the long hours and in general the co-operation which they have shown. I am also sure I am speaking for all when I express appreciation to the officers of the corporation for the long hours, the hard work and the trying circumstances under which these negotiations have been carried on.

I should also like to say a special word indirectly with respect to Mr. Quirion and to the president, Mr. Ouimet. When Mr. Ouimet was stricken with illness during these negotiations the responsibility, as acting head of the corporation, fell upon Mr. Bushnell. He and his associates I feel have worked tremendously hard on this matter. With the removal of Mr. Ouimet from the active negotiating field there was a danger of injecting other issues into this matter, and a suggestion of racial problems might have arisen. I want to express my appreciation to Mr. Quirion and those who were closely associated with him for having resisted any suggestion of that kind and for maintaining discussions on the issues and not on extraneous matters.

The strike is over, Mr. Speaker. I am sure that all concerned will unite in working together for the corporation and with the corporation and will strengthen, develop and re-establish the French network so that shortly it will again have achieved the

position which it had prior to the strike, namely the best French network in the world.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, we on this side of the house join wholeheartedly with the Minister of National Revenue in expressing our happiness and delight at the settlement of this long strike. We were delighted to learn on Saturday that notwithstanding what had been said earlier, that the television producers had been recognized as a bargaining agency and that, furthermore, they had agreed that they would not affiliate with any other group.

I want to join also with the minister in extending to all those who were responsible for the settlement of this strike our thanks and, I am sure, the thanks of those who are particularly interested in the French network of the C.B.C. I refer not only to those officers who represented the producers and the unions representing the other 1,200 or 1,300 people who were on strike. I include also the C.B.C. officials and the hon. member for St. Lawrence-St. George (Mr. Chambers). To use an expression which is well known in the French language, I think this is an occasion on which to say:

(Translation):

The government owes the hon. member a great deal for his help in settling the strike.

(Text):

While I joined with the minister in the earlier part of his remarks I should now like to dissociate myself from him, and I hope the house will not disagree with me when I add this comment. It is unfortunate that the government decided not to intervene in this strike. If the government had intervened, as we on this side of the house suggested that it should over a period of months, the prophecy and the statement of the Minister of National Revenue would long ago have been put into effect, namely that the strike could have been settled in 30 minutes. Certainly the strike could have been settled long before it was settled had the government intervened; and certainly soon after February 6, when all this difficulty arose over the interpretation of a clause in the understanding, because at that time it was not an agreement.

So while we on this side of the house are happy that the strike has now been brought to an end, we say that it could have been brought to an end a long, long time ago if the government had intervened as we suggested it should.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the statement by the Minister of National Revenue today is most welcome to the members of the C.C.F. party. We are very pleased that this important French language network will be restored. We hope that as a result of this strike there will be no reduction in the quality of the programs, nor any change in the personnel.

I would like at this time to pay tribute to all those who were involved directly in the strike or associated with it. We all realize that in such a situation there may be many regrettable incidents, but I think all will agree that those who participated in or were associated with this strike used good judgment, were most careful at all times, and there was a minimum of turmoil.

I think parliament itself is very pleased that this strike has been settled. We hope the C.B.C. for many years to come will enjoy good relations with all the people working for that important organization, and that the wonderful record to which the minister has referred will be maintained.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That when this house adjourns on Wednesday, March 25, it stand adjourned until Monday, April 6, 1959.

Motion agreed to.

LOSS OF PRIVATE MEMBERS' DAYS THROUGH MOTION FOR ADJOURNMENT OF HOUSE

Mr. D. M. Fisher (Port Arthur): On a question of privilege, Mr. Speaker, I should like to raise a matter which you could perhaps take under advisement and on which you can give us a ruling at a later date.

The question relates to today's order paper, page 3 of routine proceedings, which states that this is private members' day, the fourth allotted Monday. May I point out that the third allotted Monday occurred two weeks ago today, when the member for Trinity, under standing order 26, brought in a motion for the adjournment of the house in order to debate a matter of urgent public importance. This motion was brought in after the ordinary daily routine of business under standing order 15(2) had been concluded. This took place before notices of motion had been reached. Accordingly, since the hon. member's motion was accepted, there was no opportunity for private members' resolutions to be moved.

I would argue, Mr. Speaker, that though there are times when government plans for the day get set aside under the provisions of standing order 26, the government does not lose the chance to carry on with its motions at a later date. In effect the loss of this day guarantees that we shall have one less effective private members' day. This point will

be of concern to private members in all parties who wish to see the privileges of private members protected.

As far as I can find out there are no precedents in connection with this particular question, inasmuch as the rule governing private members' Mondays was only introduced in 1956. I can find no rulings in the *Journals* upon this particular point. In effect we have lost the third private members' Monday so far as notices of motion are concerned, and I suggest that you consider this question in order to determine whether or not there has been any infringement on the rights of private members in this regard.

Hon. Howard C. Green (Minister of Public Works): May I say a word on this point. There is a precedent established with regard to private members' Mondays being taken up by a discussion of a motion to adjourn the house such as arose two weeks ago today. On February 25, 1957, the fourth allotted private members' day of that session, Mr. Knowles moved a motion to adjourn the house in order to discuss the pipe-line question. The house was adjourned accordingly, and a debate took place. The next allotted Monday, March 2, was marked as the fifth private members' day, and therefore the fourth private members' day was considered as having been used even though the ordinary business of the house had been adjourned on the previous Monday.

Mr. Speaker: It appears that the officers of the house have assumed that the Monday which was used as the hon. member for Port Arthur has indicated was a private members' day, and the order paper was made up accordingly. However, I will take under advisement the point which has been raised as a matter of privilege and consider whether the hon. member's case has been made out. If there is any doubt about the matter I may give a further opportunity for the house to express its views. In the meantime, no interference with our procedure will result from my holding the matter under consideration.

TRANSPORT

MONTREAL—SUSPENSION OF INCREASES IN COMMUTERS' FARES

Hon. George H. Hees (Minister of Transport): Mr. Speaker, in view of the interest shown by members on both sides of the house in the proposed increases in commuters' fares by the Canadian National Railways and the Canadian Pacific Railway Company effective March 15, I thought the house would be interested to know that the board of transport commissioners today issued an order suspending the effective date of the proposed increases pending the arrangement of public hearings in the matter. The board has given notice that as soon after April 27 as can be arranged, hearings will be commenced at Montreal, and elsewhere thereafter if deemed necessary, to receive evidence in regard to the proposed increases. The board has also announced that cities, towns and municipalities and other interested parties who intend to oppose the changes in fares may make their objections known to the board on or before April 21. Further notice of the date and place of hearings will be announced by the board later.

PUBLIC LANDS GRANTS ACT

AMENDMENT RESPECTING TRANSFERS TO CROWN IN ANY OTHER RIGHT

Hon. Howard C. Green (Minister of Public Works) moved for leave to introduce Bill No. S-2, an act to amend the Public Lands Grants Act.

Motion agreed to and bill read the first time.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

Hon. George H. Hees (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to direct the board of transport commissioners to require by order the reduction of class and commodity freight rates (other than competitive rates) charged by carriers subject to the order of the board dated November 17, 1958, and to authorize payments to reimburse carriers for the resulting reduction of their revenues up to an aggregate amount of twenty million dollars.

Motion agreed to.

CANADA COUNCIL

MOTION TO REFER REPORT TO PUBLIC ACCOUNTS COMMITTEE

On the order: Government notices of motion:

March 5—The Prime Minister—The following proposed motion:—That the report of the Canada council for the year ended March 31, 1958 laid before the house on July 10, 1958, be referred to the standing committee on public accounts in order to provide a review thereof pursuant to section 23 of the Canada Council Act.

Mr. Diefenbaker: Stand.

Mr. Speaker: Pursuant to section 2 of the standing order 21, this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

MOTIONS FOR PAPERS

INCOME TAX ACT, SECTIONS 5 (2)

Motion No. 12—**Mr. Fisher:**

For a copy of all representations and correspondence received by the government, and the government's replies thereto, concerning section 5, subsection 2, of the Income Tax Act, since 20th December, 1957.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have had a discussion with the hon. member for Port Arthur. I am fully prepared to accept the motion on the understanding that it covers communications from companies, associations or from organizations of that nature rather than any communications which may have been received from individuals across Canada and, of course, subject to the usual reservation concerning privileged documents.

Mr. Speaker: Subject to the limitations expressed by the minister, is it the pleasure of the house to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

UNIVERSITY OF BRITISH COLUMBIA—FEDERAL AID TO STUDENTS

Motion No. 66—**Mr. Herridge:**

For a copy of all correspondence, telegrams and other documents exchanged between any cabinet minister or his or her deputies, and the president of the University of British Columbia, and any organization or government, with respect to seeking federal government financial aid to assist students or former students of the University of British Columbia to continue their studies at the university.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the hon. gentleman has mentioned no time limit in this motion. I might suggest to him that in fairness he do so, and perhaps his motion could stand until he has indicated a time limit.

Mr. Herridge: Mr. Speaker, I apologize for that omission, and I could indicate a limit very quickly. I would suggest a limit of the last six months.

Mr. Fleming (Eglinton): Mr. Speaker, I have no objection on that basis.

Mr. Speaker: Is it the pleasure of the house to accept the limitation of the last six months?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the house to adopt the motion as amended?

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Speaker.]

ST. LAWRENCE SEAWAY—CLAIMS BY CONTRACTORS

Motion No. 67—**Mr. Winch:**

For a copy of all correspondence, telegrams, reports, briefs and other documents exchanged between the Minister of Transport or his deputies, and any official or agency of the government, and any person, persons, or organizations, since December 1, 1958, dealing with claims made by contractors for payments from the St. Lawrence seaway authority.

Motion agreed to.

BRIDGES

MONTREAL—PROPOSED ESTABLISHMENT OF BRIDGE AUTHORITY

Hon. Lionel Chevrier (Laurier) moved:

That, in the opinion of this house, the government should consider the advisability of establishing a public corporation or bridge authority which would be empowered:

1. To acquire from the national harbours board, the ownership of (i) the Jacques Cartier bridge; and (ii) the Nuns' island bridge (when completed), upon reasonable terms and conditions;
2. To lease from the Canadian National Railways the facilities for motor vehicles over the Victoria bridge, upon reasonable terms and conditions;
3. To build other bridges across the St. Lawrence river at Montreal; and
4. To operate all such facilities for the convenience of the public, using the revenues therefrom to meet the expenses of administration and operation and the costs of interest and amortization.

(Translation):

He said: Mr. Speaker, right at the beginning of my remarks, I want to make a few comments before dealing with the subject matter of the resolution itself. I would like a good many representatives from the Montreal district, sitting on either side of the house, to take part in this debate and discuss at least the principle of the resolution. I cannot conceive, Mr. Speaker, that anybody, either on our side or opposite should be, in principle, opposed to the resolution. On the contrary, I believe all will wish to declare themselves in favour of this formula for the administration of the bridges connecting Montreal with the south shore.

I am therefore inclined to believe that all hon. members will come out in favour not only of that formula, but also in favour of more adequate and more modern means of transportation between the two shores, and even of the construction of a new bridge or a new tunnel. And the best way to obtain those new means of transportation including another bridge is I think to vote for the resolution now before the house.

There will no doubt be among hon. members some holding back, some hedging, reservations, suggestions, and even amendments to the motion. This would be a good

thing for the resolution has been put on the order paper precisely in order to be discussed.

However, if I had to express a wish, it would be this one: I would like to be allowed just about 15 minutes at the end of this discussion, for a a few comments on the remarks of hon. members who chose and were willing to make the effort of taking part in this debate.

(Text):

The object of this resolution is threefold: first to set up a bridge authority or corporation; second, to empower that authority to take over the two bridges now in existence between the island of Montreal and the south shore, the third bridge when it will have been constructed, and any other bridges or tunnels which the government or its agencies should decide to construct in the future; and third, to operate these facilities for the convenience of the public, using the revenues therefrom to meet the expenses of operation and the cost of amortization.

Before dealing with the subject matter of this resolution I should like to give a brief history of the bridges which separate the island of Montreal from the south shore. They are four in number. As one travels upstream the first is the Jacques Cartier bridge. It was built by the Montreal harbour commissioners pursuant to a statute passed by this house authorizing it to construct the bridge and collect tolls. The bridge was opened to the public in 1930, and the cost of that bridge was $19 million.

Under a tripartite agreement entered into by the Montreal harbour commissioners, who were later succeeded by the national harbours board, a crown agency of the federal government, the province of Quebec and the city of Montreal, it was undertaken among these three groups that any annual deficit encountered by the bridge should be divided among them over a period extending from 1930 to 1970, but not to exceed the sum of $150,000 a year. Both the province of Quebec and the city of Montreal met those annual contributions of $150,000 a year for the period 1930 to 1943. In 1944 the city of Montreal refused to make its contribution on the ground that the tripartite agreement of 1928 was ultra vires. Simultaneously the province of Quebec discontinued payments under the agreement, but it did not actually repudiate the agreement. Later on the national harbours board deemed it advisable to take legal proceedings against the city of Montreal in 1946, and in 1952 it obtained judgment against the city for the amount of $745,000 in principal and about $250,000 in interest, roughly speaking an amount of $1 million, which in due course the city of Montreal paid.

On March 13, 1953, the province of Quebec owed under this agreement $745,000 in principal and $237,000 in interest, which has been accruing ever since that date. If we were to include the interest owing since that time the amount now due by the province of Quebec on its indebtedness under the tripartite agreement would run well over $1,250,000.

In 1955-56 the former government undertook and completed alterations to the Jacques Cartier bridge to provide an additional traffic lane. The bridge was originally designed to accommodate two street car lines at a level lower than that of the highway itself. In 1955-56, the track on the downstream side of the bridge was removed and covered over, and was opened to traffic while the former administration was still in office. The remaining traffic lane is being completed and the work undertaken by the present government, as announced by the Minister of Transport in the house some time ago.

I would like to make a statement about the financial operations of this bridge. As I stated earlier, the statute under which this bridge was constructed authorized the collection of tolls, and ever since its inception tolls have been collected on the Jacques Cartier bridge. The latest report available is that of 1957, and from that report it will be seen that the operating revenue for the calendar year 1957 was $2,228,000. The operating expenses were $318,000, and the net operating revenue was $1,910,000. When income from investment held by the national harbours board is added and the charges for interest, amortization and depreciation are deducted, a surplus of $1,015,000 remains. The year 1958 was somewhat better than 1957, although I have not yet been able to get the figures for that year. The year 1959, because of the increasing number of motor cars, I have no doubt will be the best year experienced by the board.

Here I would like to say that according to the annual report for 1957, the amount still owing on the bridge is $8,330,000, roughly speaking, and if you deduct from this the amount of the 1958 surplus from the collection of tolls on the bridge, which I understand was higher than in 1957, plus the amount owing by the province of Quebec, you will find that the indebtedness is now down to $5 million, roughly speaking. At the rate of increase in the traffic this will be paid off within the course of the next few years.

As one moves upstream the next bridge is the Victoria bridge. It was built by the Grand Trunk Railway pursuant to an old statute of the nineteenth century as a railway bridge. It is the property of the Canadian National Railways. Again, at a later date, brackets were added to both sides of the rail-

way structure, the upstream side of the bridge having been used for horse-drawn traffic in the old days, and the downstream side having served to accommodate two tracks of the Montreal and Southern Counties Railroad which provided electric interurban service between Montreal and various points in the eastern townships. From time to time changes were made on the upstream side of the bridge.

In 1955 the rails of the Montreal and Southern Counties Railroad were removed, and the Canadian National Railways spent $2,300,000 for the purpose of converting the downstream bracket of the bridge to vehicular traffic. This had the effect not only of enabling the bridge to accommodate more traffic, but also to speed up the movement of traffic. Formerly, when only one bracket was open for vehicular traffic, large trucks and buses could not use it because of the narrowness of the roadway; but with the opening of the downstream bracket it became possible to accommodate larger vehicles which naturally did not meet oncoming traffic. The only disability from which this bridge has suffered has been the limitation which it was necessary to impose upon it because of the carrying capacity of the first bracket. Since the additional bracket has been constructed the carrying capacity of that bridge, according to the engineers of Canadian National Railways, has been doubled.

Tolls, sir, have always been charged upon the Victoria bridge since the two brackets have been in existence, and I think the tariff of tolls on both the Victoria and Jacques Cartier bridges is identical, except that the method of collecting tolls on both sides has been streamlined since the present government took over in 1957. It has always been my belief that the cost of Victoria bridge has been repaid by tolls levied on motor traffic. While the Canadian National Railways have been asked from time to time in this house to make public the amount of tolls collected on Victoria bridge, they have refrained from so doing on the basis that it would not be possible for them to segregate this particular portion from the rest of their railway earnings.

On the other hand, it is clear that the Canadian National Railways have not collected sufficient revenue to repay the $2,300,000 they invested in improving the downstream side of the bridge. I have no doubt that with the increase in the traffic capacity of the bridge, and in the motor cars using the bridge, it will not be very long before the $2,300,000 expended by Canadian National Railways is repaid. Then before long we will have two bridges crossing the St. Lawrence at Montreal which from the point of view of vehicular traffic will have been amortized by the payment of tolls, namely the Jacques Cartier bridge and the Victoria bridge.

There is still another bridge to which reference must be made and that is the Mercier bridge, which was built by La Corporation du pont du Lac St. Louis and which links the north and south shores opposite the Caughnawaga Indian reserve on lake St. Louis. This bridge is now the property of the province of Quebec. It continued to be a toll bridge until 1942 when, pursuant to a statute passed by the province of Quebec dealing particularly with the Mercier bridge, it was decided from that year on to abolish the collection of tolls thereon.

Important as is the movement of traffic from the island of Montreal to the south shore, and important as it is with reference to other bridges, the Mercier bridge I think has its importance mainly in the fact that it looks after and takes care of through traffic. It has taken on additional importance of late, of course, because of the construction of a new highway from the north part of Montreal to the Laurentian hills. While it is some distance removed from the city of Montreal and plays an important part, as I said, in through traffic, it does not play a preponderant part in the movement of traffic directly from the island of Montreal to the south shore.

The fourth bridge, of course, is the Champlain bridge which is now under construction. I refer to it in my motion as the Nuns' island bridge. I make no apology for that because when I first placed my resolution on the order paper in 1957 the bridge had not received the name Champlain and it was then known as the Nuns' island bridge. I therefore would amend my motion accordingly so that where the name "Nuns' island" appears it should read "Champlain" bridge.

I should like to say a word about the origin of this bridge. When the St. Lawrence seaway authority was first authorized to build facilities for navigation along the south shore, it made public its plans and discussed them with the various municipalities. From the outset these municipalities drew to the attention of the seaway authority how important it was for them to have modern and up to date transportation facilities linking the south shore with the island of Montreal, and how insufficient those transportation facilities were at that time. We held many meetings with the authorities involved, and at most of these meetings this question was always paramount. These representations were passed on to the government. I remember that on several occasions I discussed them with the then prime

minister and the then minister of transport, and suggested to them how much easier our task would be in dealing with the Montreal authorities and the municipalities on the south shore if we were authorized to amend our statute and construct a bridge.

Meanwhile the former minister of transport received a number of delegations on the subject. In the latter part of 1955 a delegation from the city of Montreal approached the government requesting them to build a third bridge to provide communication between the island of Montreal and the south shore. The government pointed out at that time, as I believe it has always been pointed out by federal governments in the past, that it is not the responsibility of the federal government to build bridges. This responsibility belongs mainly to the provincial authorities. However, the delegation from the city of Montreal at that time indicated that they did not see any possibility whatever of the provincial government taking any steps in this matter.

After consideration of the subject the then minister of transport recommended to the cabinet the construction of a third bridge, but as a toll bridge because quite obviously the building of such a bridge without tolls would have given rise to two serious difficulties. The first was the establishing of a precedent of the federal government building a bridge across a river which was not interprovincial; and the second, the establishment of a toll-free bridge in that area in Montreal would tend to greatly prejudice the revenue position of both the Jacques Cartier bridge and the Victoria bridge.

The recommendation, therefore, for the construction of the new bridge was accepted, but on the distinct understanding that the new structure would be a toll bridge to be built and administered by the national harbours board. The announcement to this effect, I believe, was made by the former minister of transport in 1955 or early in 1956. The site at which the bridge is to be built was recommended by the municipal government of the city of Montreal. The choice of the site was, I understand, their responsibility.

Now I come to the problem itself. It seems to me that the general problem of those who live on the island of Montreal and on the south shore and who must rely on communication across the St. Lawrence river is that they are faced with certain harsh facts and certain harsh realities. The first of these is that it would be difficult for either the municipal authorities, the provincial authorities or the federal government to build any new facilities while the other facilities remain as toll structures. Second, it probably cannot be expected, because of the danger of creating a precedent elsewhere in the country, that either the national harbours board as the owner of the Champlain bridge and as the owner of the Jacques Cartier bridge, or the Canadian National as the owner of the Victoria bridge, would voluntarily abandon the right to collect tolls unless adequately compensated therefor.

This, therefore, is a bleak prospect, and unpromising so far as the provision of additional bridges or tunnels is concerned. Likewise it is a bleak prospect for the residents of the south shore and those on the island itself who must use and pay for the facilities, because they can see no end to the time when tolls will be levied. The Victoria bridge is a good illustration of this. We still have tolls levied even though we believe that the bridge has been fully paid for.

The encouraging side, on the other hand, of maintaining tolls is that experience has shown that while a system of tolls prevails, the authorities concerned are ready to invest further sums in order to provide further facilities. For instance, the national harbours board decided to spend $600,000 under the previous administration in order to add an additional traffic lane. The present government is willing to spend additional moneys in order to add the last lane and also to build the Champlain bridge. The Canadian National Railways is willing to spend $2,300,000 in order to add an additional bracket for vehicular traffic on its downstream lane. Hence it follows that there seems to be no serious objection to additional facilities providing there is an opportunity to recoup or recapture the capital sums expended by means of the collection of tolls.

The necessity for an additional bridge is certainly obvious in the Montreal area. In another debate in a previous session of parliament I drew to the attention of the minister—and I do so again today—the report of the St. Lawrence ship channel and Montreal harbour committee of 1950 dealing with the fourth reference submitted to it. That committee was charged under this reference to consider the implications of the power and seaway development of the St. Lawrence in Montreal harbour. In its comprehensive report it recommended the construction of a bridge downstream from the Jacques Cartier bridge. I recommend the reading, the consideration and the study of this report not only to the Minister of Transport but to all Montreal members who are interested in future facilities for the port of Montreal and also future transportation facilities in that area.

While I am on the subject I say to the minister that I hope he will bring this report

up to date. I think this is one of the most practical and beneficial reports ever brought down in so far as future facilities in the city of Montreal are concerned. However, it was based on the assumption that the power development would take place concurrently with the navigation development, and that part of the seaway would be on the north shore and another part on the south shore. I hope it will be possible for the minister and his officials to bring this report up to date with respect to what is happening now in that area. As a matter of fact the minister kindly consented in an earlier debate to give consideration to this matter. I am sure he has done so. In fact I have learned unofficially that the ship channel division are giving consideration to bringing this report up to date. If they could do that in the light of what has happened and what is happening now it would be of tremendous assistance to the metropolitan area of Montreal.

When I occupied a position similar to that which the Minister of Transport occupies today and sat on the other side of the house, each year there was on the order paper a resolution from certain Montreal members demanding the abolition of tolls on the Jacques Cartier and Victoria bridges. I was in the position—perhaps the unfortunate position, though I am not too sure that it was at that time—of having to resist that motion because of the fact that there was a tripartite agreement among the province of Quebec, the city of Montreal and the predecessors of the national harbours board, namely the Montreal harbours commissioners, for the payment of the deficit, and also because at that time the financial position of the Jacques Cartier bridge was not nearly as good as it is today. Furthermore, I was in the position of having to resist it because of the attitude taken by the Canadian National Railways. They took the position that if they were to abandon tolls on the Victoria bridge they should be compensated therefor.

Hence today I am not advocating the abolition of tolls, although I am sure that if this resolution were put into effect it would eventually accomplish that purpose. I am today advocating something which is more practical and which it seems to me is impossible to resist. I suggest that the present situation in Montreal needs to be altered because the public sees no hope of an end to the levying of tolls. If a bridge authority were established, as suggested in the resolution, there would be a hope because there would then be two alternative prospects to which to look forward: (1) the segregation of the net revenues from the operation of the three bridges I have mentioned and the use of these revenues to eliminate the total debt relating to the facilities; and (2) the segregation of the net revenues and the use of these revenues to provide additional facilities as they are needed.

In other words the bridge authority, were it established, would either eventually remove tolls or, in the alternative, provide additional facilities. If something like this is not done, then a serious injustice is going to be perpetrated upon those using motor cars and crossing these bridges between Montreal and the south shore, who are paying tolls for the amortization of the cost of these bridges. When the debt will have been wiped out the government will have either to abolish the tolls on the Jacques Cartier bridge or continue them. If it abolishes them, there will be a tremendous dash by motorists for this bridge. If it continues them, then this money will be paid into the consolidated revenue fund, whereas in point of fact it should be used in amortization of the debt on the Champlain bridge.

The people residing in Montreal do not expect to get services for nothing. They expect to pay for the services they are receiving. However, they do not want to pay twice; and unless something like this is done that is exactly what is going to happen, because the tolls will continue and they will be paid into the consolidated revenue fund whereas they should, I submit with deference, be paid in reduction of the debt on the other facilities. Hence I say that unless something like this is done there will be a great hue and cry from the population of the city of Montreal.

In so far as the Canadian National Railways is concerned, I realize that the position is different. However, we know that the investment has been paid off many times in so far as the highway aspects of the bridge are concerned. There would still, of course, remain the investment of $2,300,000 which I mentioned earlier.

How would a bridge authority or a bridge corporation solve this problem? The setting up of a bridge authority provides the clear-cut hope that one or other of the two alternative prospects will be realized. If the facilities are allowed to remain indefinitely in their present position, the present situation can be expected to go on indefinitely. When Canadian National Railways' most recent investment in the Victoria bridge has been repaid it will expect to receive the net revenues from the facilities, just as it did when the original Grand Trunk's investment in the Victoria bridge was repaid; and it would be extremely difficult for either Canadian National Railways or the national

harbours board to justify maintaining these three structures toll free and paying the expenses of maintenance.

It is for this reason that I think the house should give consideration to the establishment of a bridge authority which would in effect put the three bridges under the control of an independent authority. This would provide for segregation of the revenues and for the use of cash revenues for the special benefit of the communities served. The bridge authority would have a choice between using its surplus revenues for the retirement of its debt or borrowing further moneys in order to provide additional facilities in the form of a new bridge or a tunnel.

I have noted the experience of the Triborough bridge and tunnel authority in New York. Their experience was practically the same as that of the national harbours board in earlier years, where there was deficit upon deficit. The bridge authority, known as the Triborough bridge and tunnel authority, was established and because of the method of financing as well as the method of operation this authority solved in New York city a tremendous problem, one which is not dissimilar to that existing in the city of Montreal.

In other words the bridge authority promises the segregation of surplus revenues, the possibility of the elimination of tolls or, alternatively, the maintenance of tolls and a gradual expansion of facilities as the needs of traffic mount and the possibility of adequate revenue presents itself. The method to be followed, as I suggest, is the creation of a public corporation which would be referred to as a bridge authority, whose purpose it would be to acquire the Jacques Cartier bridge and the Champlain bridge upon reasonable terms and conditions.

Here I would assume the government would be disposed to take a beneficent view of the position disclosed by the balance sheet and forget about interest on the deficit and arrive at a reasonable price for this structure. As far as the Champlain bridge is concerned I do not think there should be any difficulty, because I presume the government or the national harbours board would be entitled to payment of the amount invested in that facility. I assume, moreover, that the new authority would pay the purchase price by means of bonds which would be a first charge on the structure and net revenues therefrom.

I also suggest, because it would be difficult to provide for the ownership of the upstream and downstream brackets of the Canadian National Railways bridge which, as the house knows, is not only a railway bridge but also a vehicular bridge, that what could be done would be to arrange a lease from the Canadian National Railways to the bridge authority for those two brackets, upstream and downstream, at an equitable rent. The rental in this case, of course, would be a reasonable one having regard to the fact that the facilities are intended for the general benefit of the public and not for the particular benefit of the Canadian National Railways.

This idea, sir, is not a new one. I cannot claim its paternity. If it belongs to anyone I think it belongs to the former minister of transport, Hon. Mr. Marler, who did speak to me about it on several occasions, discussed it with various groups and associations in Montreal, members of the city council and the like, and gave a lot of time to discussions of this matter with others in the metropolitan area of Montreal.

Another question is this. Is a new bridge required in the metropolitan area? Well, I note that there is not very much time left at my disposal. I have here the figures of the last survey which was made in 1957, concerning traffic to and from Montreal. It would take me some time to put this survey on *Hansard*, and I have not that much time. However, I can summarize it rather quickly. On the Jacques Cartier bridge traffic counts which were taken in 1957 indicated that at that time the average daily number of motor cars was around 40,000. Dealing with Victoria bridge. Since the roadway on the downstream side of the bridge was put into operation, comprising two lanes 17 feet wide, it accommodates 1,800 cars per day. The facilities which are being provided on the south shore leading to the Mercier bridge have had a tremendous effect in increasing the capacity of that bridge, and when the twin structure is built alongside the present Mercier bridge it will be possible to accommodate 4,500 cars per hour. I should tell the house here that when the discussions took place for the construction of the access roads from the highways leading to the south entrance to the Mercier bridge, it was then indicated, not in any official way but certainly in many unofficial ways, that it was the intention of the province at that time to build soon a twin structure alongside the present Mercier bridge.

To sum up this matter in so far as the traffic survey is concerned I say this. From this survey made in 1957 it appears that the average daily traffic between the island of Montreal and the south shore is approximately 75,000 vehicle trips per day. The survey then goes into detail as to what is likely to be the population of the province of Quebec in the future, which they fix at

6,500,000 by 1973. That would apparently give a car registration in the province of 1,650,000 vehicles at that time, of which approximately 650,000 would be in the metropolitan area of Montreal.

The survey comes to the conclusion that by 1973 there will be 202,500 vehicles per day using the bridges from Montreal to the south shore. Under these circumstances, it would appear clearly that a new bridge is indicated; and while it is not up to me to say where it should be constructed, I refer simply to the report of the Montreal harbour committee which indicates that the bridge should be to the east downstream from the Jacques Cartier bridge.

I had hoped that I would have a minute or so to deal with another question, namely this. What was done by the former administration to help solve this tremendous highway problem which exists between the island of Montreal and the south shore? May I say that a great deal was done, which can best be summarized in this fashion. The federal government through its agencies, the national harbours board, the Canadian National Railways, the Department of Transport, spent tremendous sums of money in order to build modern and up to date approaches not only to the Jacques Cartier bridge, which was a joint enterprise between the national harbours board and the seaway authority and which has provided there a number of modern access highways, but also to the Mercier bridge and to the Victoria bridge.

I know there might well be some criticism in so far as what was done with reference to the Victoria bridge; but the house should not forget the fact that the Victoria bridge is a low level bridge, and being a railway bridge it had to be cut by the ship channel. In order to do that it was necessary to arrive at a plan and formula which was devised by the engineers of the Canadian National Railways in conjunction with those of the St. Lawrence seaway authority.

May I just conclude by making these four points. It seem to me, sir, that if this resolution were adopted and the government saw fit to accede to it, it would do these four things. First of all, it would lead eventually to the abolition of tolls on all the bridges; second, it would provide for additional facilities between Montreal and the south shore; third, it would provide for the construction of a new bridge or tunnel; and finally, it would provide for consideration of conditions which will prevail in Montreal harbour when completion of the St. Lawrence seaway has been attained.

I submit with deference to the minister and to the house that I hope the house will see fit to accede to this resolution.

[Mr. Chevrier.]

(Translation):

Mr. Andre Gillet (Mercier): Mr. Speaker, this is the first time I have the honour to address the house in my capacity as member for the constituency of Mercier.

Mr. Speaker, when I was about 12, my family took up residence in the constituency of St. Mary where I lived for over 15 years. And during my holidays, I had the pleasure of spending a few hours from time to time watching workers operate heavy machinery, particularly the pile-drivers used in driving great pieces of timber that were to be the foundations and supporting structure of Jacques Cartier bridge.

At that time, Mr. Speaker, I was far from suspecting that 30 years would elapse—despite the constant development that has taken place and is still going on on the east side of Montreal—before a bridge was built to connect the east of Montreal island to the south shore.

That bridge is a pressing need for the citizens of the constituencies of Mercier and Longueuil. People there are badly in need of that bridge, especially if they hope to benefit from the advantages which the St. Lawrence seaway—which will be ready shortly—might bring them. It is high time we let manufacturers, merchants and large contracting firms know that we are in favour of anything that would provide the constituency of Mercier in the eastern part of Montreal with a bridge connecting the south shore to the north shore.

As a result of the present situation in Montreal many householders are moving away from the outskirts to homes which are sometimes 20 to 25 miles away so that their families can enjoy wholesome air, unpolluted by the smoke of the many factories scattered all over Montreal and vicinity.

Some of those householders are quite prepared to expatriate themselves for a few hours more than they ordinarily would so as to take up jobs far away from their homes.

In view of all those facts, Mr. Speaker, I should like to quote a few excerpts from a report prepared for the Montreal municipal authorities by an organization known as the greater Montreal metropolitan organization:

> Industry, Factor of Balanced Metropolitan Expansion
>
> The three inseparable factors of material progress, in the modern economy pattern, are industrial diversity in keeping with geographical concentration, ready availability of manpower, and a vast consumer market.
>
> In a civilization based on production, manufacturing activity becomes the most powerful stimulus to regional development.

In fact, a manufacturing plant is at one and the same time:

(a) a capital investment;
(b) a producer of profits and wealth;
(c) a provider of employment;
(d) a source of municipal revenue;
(e) an outlet for consumer goods.

Mr. Speaker, may I also quote a few remarks about Montreal harbour:

There is no doubt that commerce and industry and therefore the very economic future of the Montreal area, are closely linked with the part that the Montreal harbour will be allowed to play.

Besides, its industrial and commercial operations eventually became the predominant activity and have never stopped growing as the Montreal area became industrialized.

However, as industries built their plants, access facilities became inadequate and the resulting congestion contributed to the strangling of the harbour facilities whose expansion was vital.

Therefore, industries had to look to the south shore for room to expand and proper harbour facilities. Those expansion requirements of industry and trade in the Montreal area thus caused the decentralization of Montreal harbour.

By way of conclusion to these few remarks, Mr. Speaker, the report adds:

The development of harbour facilities and the part they play in the economy of Montreal clearly indicate that the metropolitan zone of influence must include the south shore by connecting it with the north shore by as many bridges or tunnels as possible.

(Text):

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, we in the C.C.F. have considered this resolution carefully, and despite the comments and observations I have to make on it I want the hon. member for Laurier (Mr. Chevrier) to know that we endorse the principle which he is here attempting to establish.

I was very pleased indeed to note a leading spokesman of the Liberal party and a former minister of transport advocating active federal participation in efforts to solve a problem caused by the lack of bridges in Canada. I know he is not asking anything for the city of Montreal which he would not be willing to grant to all other areas of Canada. And while he may think it odd that someone from the lower mainland of British Columbia should rise and say something on this resolution, I know he appreciates that we have a situation at home which in many respects is much the same as the situation in the city of Montreal.

I welcome the support which the Liberals are now giving to the idea of federal participation in responsibility for the building of bridges in Canada. I know they realize that it is quite beyond the capabilities of municipal governments alone, in some instances, to assume responsibility for the entire cost of building bridges. It must also be realized that in many cases it is beyond even the capacity of the provincial regimes to supply the necessary money.

The former minister of transport, the hon. member for Laurier, called this a highway problem and I was very pleased to hear him use those words to describe the bridge problem, because basically that is what a bridge problem is; a highway problem. We in this group have for many years advocated that the federal government should assume a major role in the development of a national highway program, and we have always included bridges as part of such a program. We believe that more bridges are essential in the interests of the economic and social development of the Canadian people and essential, too, in the interest of national unity.

The hon. member for Laurier has very ably pointed out the chaos and confusion which is beginning to make itself obvious in the administration of the bridges which now exist in Montreal, and he is sounding a warning that unless action is taken this chaos and confusion will become worse with each passing year. We have a very similar situation with regard to the bridges across the Fraser river. We have a new bridge known as the Marpole bridge. This is a toll bridge connecting Vancouver to Lulu island. Then we have a toll free bridge connecting Vancouver to Lulu island; that is the old Fraser avenue bridge. There is now being proposed a new toll bridge to connect New Westminster with the eastern end of the same island.

It leads to very much confusion when you have two bridges connecting the same bodies of land or passing over the same body of water and one is toll free and on the other a toll is levied. We are going to have the same situation a little farther up the river, in that the provincial government has already completed the digging of the Deas island tunnel, on which a toll is to be charged. Not far away is the Pattullo bridge which is toll free. The provincial government is now wrestling with the problem of building another bridge farther up the river in the Port Mann area. I do not know if it has yet been decided whether the new Port Mann bridge will be toll free but if it is to be a toll bridge that government will lose the grant under the national Highways Act.

At Burrard Inlet we have the same situation. We have a toll bridge known as the Lion's Gate bridge and an older bridge called the Second Narrows bridge which has been earning a considerable amount of money in recent years, and now a new bridge is being built there. We can understand why the hon. member for Laurier wants to end the chaos and confusion that exists in order that in years to come there may be adequate water crossing service offered to our motorists.

We welcome most heartily the apparent change of heart on the part of the federal government. We noticed some months ago the willingness of the government to assume some responsibility toward the building of a bridge in the city of Prince Albert. We take that as an indication that there is a general realization in all parts of the house that it is high time the federal government began to share with the provinces and municipalities the very great responsibility of supplying the necessary bridges.

We note that the resolution before us calls for the establishing of a public corporation or bridge authority which would do certain things. I do not know if the hon. member had in mind eliminating the right of the city of Montreal and the province of Quebec to have any voice in the operation, management or building of these bridges. He indicated that there had been some financial misunderstanding in the past among the three levels of government. If that is what he has in mind then I regret that we cannot agree with his approach. We feel that so far as possible the business of government in Canada shoud be decentralized. We can understand why Ottawa, which makes a contribution, should want a voice and ought to have one in these affairs; but we also feel that the administration of a series of bridges situated within a municipality certainly should be left as much as possible in the hands of the municipal and provincial regimes. Despite the fact that in the past in the case of Montreal there have been financial misunderstandings, we feel that the idea of partnership is extremely important, and no attempt should be made to establish any authority that will enter a municipality and without the necessary regard to either the municipality or the province begin to operate a series of bridges there.

We also note that the last part of the resolution calls for the continuation of the collection of tolls. Here we also have to be at variance with the attitude expressed by the hon. member for Laurier. Our group has always opposed the principle of levying tolls on either highways or bridges in Canada. I believe the only time we have ever endorsed this principle was when an international bridge has been proposed. We believe that toll collections represent an archaic method of paying for bridges and roads. We believe it is an economic waste that need not exist in this day and age. After all, our fathers and grandfathers were able to build the roads and bridges they required without in most cases resorting to tolls. Tolls as a common practice have been abolished for many years in the Anglo-Saxon world, and we do not like to see a revival of this method of financing highways and bridges. We know that experimentation is taking place south of the border. Those of us who come from the far west are aware of the undertaking that exists in British Columbia at the present time. Despite that, however, we feel it is an economic waste and an archaic method.

We recognize that there are certain disadvantages in the collection of tolls. It is our contention that each time a toll bridge is built you get one bridge yet have to pay the cost of four. First of all principal has to be paid on the money that is borrowed. The interest usually almost equals the principal by the time the loan is repaid. There is also the overhead cost of collecting tolls which in the long run also just about equals the cost of the bridge. There is also the wear and tear of the starting and stopping of the automobiles. Over a period of years this is also enough to pay for another bridge.

I hope I have not misinterpreted what the hon. member for Laurier has said. We welcome his resolution and endorse its basic principle. However, we feel the authority should be operated by all three levels of government and not only by the federal government. We believe it is high time that financial contributions were made by all three levels of government in such a way that no tolls need be collected. Therefore, Mr. Speaker, I move, seconded by the hon. member for Vancouver East (Mr. Winch):

That the resolution be amended by eliminating therefrom the words "establishing a", and substituting therefor the words "encouraging the establishment of."

And that the resolution be further amended by changing the comma after the word "public" in clause 4 to a period, and eliminating all the words after the said period.

The resolution as amended would then read:

That, in the opinion of this house, the government should consider the advisability of encouraging the establishment of a public corporation or bridge authority which would be empowered:

1. To acquire from the national harbours board, the ownership of (i) the Jacques Cartier bridge; and (ii) the Nuns' island bridge (when completed), upon reasonable terms and conditions;

2. To lease from the Canadian National Railways the facilities for motor vehicles over the Victoria bridge, upon reasonable terms and conditions;

3. To build other bridges across the St. Lawrence river at Montreal; and

4. To operate all such facilities for the convenience of the public.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, as I understand this resolution, the hon. member for Laurier (Mr. Chevrier) would have a federal authority established and given certain definite powers. I certainly think that everybody in the house today listened with much interest to his remarks because the hon. member for Laurier has had experience both in active government and in the civil service with this very question. Therefore, naturally he spoke with a great deal of authority on the question. While I did not agree in complete detail with everything he said, certainly his resolution deserves much discussion, for it has much merit.

I also listened with much interest to the hon. member for Burnaby-Coquitlam (Mr. Regier). I heard his remarks with regard to tolls. He said he did not like them. After listening to him I could not help but feel that the C.C.F. were reverting to the old Social Credit funny money policy of yesteryear. Maybe that can be rectified also in the debate.

In dealing with the resolution I feel that initially we should go to the basic or central aspect of the problem. As I look at the basic aspect of the problem I soon realize that the terms "island of Montreal" and "city of Montreal" are synonymous. Much reference has been made in history to the scenic aspects of the fact that Montreal is located on an island. Yet, the fact that Montreal is on an island obviously creates definite problems of communication.

The second problem centres on the fact that Mount Royal mountain is situated virtually in the centre of the city. The very location of the mountain, with all its parkland beauty, gives the city authorities less chance to improve and ameliorate traffic conditions in comparison with other town councils which are faced with similar problems of increased traffic congestion in expanding metropolitan areas. For these two and other reasons, Mr. Speaker, I shall attempt to outline the basic significance and importance of the problem with which we are faced.

It would help, if yet another problem could be referred to in relation to bridges and allied communications in and about the island of Montreal. Primarily this question involves the matter of civil defence. Right away, may I say I do not intend to offer any expert knowledge to this house on civil defence. I would simply like to say it would seem that, in the light of changing defence needs and requirements—requirements and needs of which I have little expert knowledge—the house will agree that the problem of bridges and allied communications in and around the island of Montreal has obvious significance; that is, assuming there would be any survivors to evacuate in case of an attack.

In discussing this general proposition I realize that the matter has more significance for some hon. members than for others. At the same time, while superficially we look at the problem as one of a local nature, I think all of us here today should realize that the problem of communication to and from the nation's largest metropolis has more than mere local significance. In my own case it cannot be said that the constituency which I represent is even opposite the island of Montreal. Brome-Missisquoi is located in the heart of the eastern townships, and my constituency starts approximately 45 or 50 miles from the island. But even my own constituency is affected in a very obvious way by all of the implications of bridges, tunnels or any other means of communication to and from the island.

Like the Minister of Transport (Mr. Hees), I have received many different types of representations regarding the general matter, and I should like to read briefly from some of those representations which generally illustrate how the problem affects people in this highly populated area of Quebec even up to a hundred or a hundred and fifty miles from the actual scene of the present discussion. I quote:

Whereas the residents of this municipality have to use the facilities of the Victoria bridge, the Jacques Cartier bridge and Honoré Mercier bridge in order to go to Montreal for business and other purposes;

Whereas alterations to the Victoria bridge are necessitated because of the St. Lawrence seaway project;

Whereas the closing, even temporarily of the Victoria bridge, will work hardship for those of this municipality who have to use these facilities constantly:

Therefore be it resolved that a request be sent to our member of parliament that he present the following propositions to the hon. Minister of Transport, and to the authorities of the St. Lawrence seaway, as well as to the authorities of the Canadian National Railways and to the national harbours board;

I quote this particular resolution because as you can see, in the initial paragraph this particular town council has outlined all of the various crown agencies and corporations which generally come under the ambit of this discussion. They go on to say:

1. That careful study and special attention be given to the planning of the work of the diversion of the Victoria bridge so as to prevent, if at all possible, the already over-congested traffic circulation to and from the south shore;

2. To complete as soon as possible all works on the Jacques Cartier bridge in order that if any re-routing need be done from Victoria bridge it will alleviate the burden caused by its temporary increase in traffic;

3. To request from the proper authorities the immediate completion of the proposed Champlain bridge as being an urgent necessity for both the south shore and the island of Montreal;

4. To consider the urgent need of additional facilities connecting the east end of Montreal with the south shore, in the form of a bridge or tunnel and that the said proposal be tabled as an urgent solution to the ever overwhelming increase in population.

I am sure the Minister of Transport has taken cognizance of many of these questions, and that they are being given rapid consideration. One of the suggestions in this resolution is of great interest to me, but I shall not discuss it as an expert because I do not know the detailed thinking behind it. The resolution points out the possibility of tunnels being considered to and from the island. Looking at this whole proposition, we all realize it is extremely difficult to plan ahead with great foresight with respect to bridges and their relationship to such a project as the St. Lawrence seaway. I am sure the hon. member who has presented this resolution to the house realizes this perhaps more than any of us.

Certainly, in my remarks, I am not attempting to exculpate the former administration or ministers of transport for their sins of omission or commission, especially in relation to the Victoria bridge. In spite of what the hon. member for Laurier has said, I do feel perhaps that the former Liberal administration was a little bit hasty with their plans for co-ordinating the Victoria bridge with the seaway project. I think certainly, even viewing the remarks of the hon. member for Laurier, in the light of my remarks they bear consideration.

At this point with the forbearance of the house I should like to put on the record a few statistics and facts which I have been able to obtain from the Montreal harbours board and the Canadian National Railways. I would think the house would be very interested in hearing a summary of the expenditures at Montreal harbour by the harbours board during the year 1958. The expenditure on capital works in 1958 by the Montreal harbours board amounted to approximately $28 million, the largest expenditure in any year since the creation of the board. In addition, the expenditure on maintenance of works amounted to approximately $1,600,000. It would be unfair to say that all these expenditures come under the heading of bridges because I have such headings as wharves, transit sheds, grain elevators and dredging.

[Mr. Grafftey.]

Under the heading of bridges, starting with the Jacques Cartier bridge, it is important to note that during 1958 a contract was awarded for the construction of an additional traffic lane. This work will be completed in July, 1959. In addition, several contracts were being carried out during 1958 in connection with the improvements to the southern approaches to the Jacques Cartier bridge. These improvements consist of the construction of cloverleaf approaches and new and improved toll collecting facilities. These works will be completed in the spring of 1959.

I think that I speak for most of the citizens of the island of Montreal and the communities opposite the island of Montreal when I say that we are most pleased with these new improved toll collection systems. I think it is correct to state that this new toll collecting system has been put in on the Victoria bridge, too.

In so far as the Champlain bridge is concerned, my notes from the harbours board state that during 1958 contracts were carried out on some on the bridge piers and abutments and a considerable quantity of the fill for approaches was placed. Tenders have been invited for the construction of the superstructure of section 3 and tenders will be invited for the construction of the superstructure of sections 5, 6, 7A and 7B by the middle of April. I believe that for further information on this subject hon. members could refer back to the remarks made in the house by the minister not very long ago.

The proposed capital expenditures for Montreal harbour in 1959 amount to $24,776,200. I think it is important also to note that the construction of the new traffic lane on Jacques Cartier bridge and the improvement to the southern approaches will be completed by July of this year. It is expected that the contract for all phases of construction of the Champlain bridge will have been awarded in the near future.

I have some notes here which were made after consulting with the various officials of Canadian National Railways. They have a more direct bearing on the actual resolution proposed by the hon. member for Laurier. I think it is most interesting to note their remarks because, in a general sense, they are not in agreement with the premises of this resolution which we are now discussing. The management of the Canadian National Railways advise that their position is that the Montreal bridges can be more efficiently operated—I hope, with the leave of the house, I may be permitted to read the notes I have here because frankly there are some fairly technical terms with which I am not familiar—by the separate crown agencies involved

rather than by a special bridge authority. The roadway on Victoria bridge is an ancillary facility and, as such, it is essential that the control of vehicular traffic remain in the hands of the bridge owner. With the opening of the St. Lawrence seaway this becomes even more important in the sense that highway traffic will have to be co-ordinated with the operation of trains and the movement of ships so as to provide for the safe and uninterrupted flow of all three types of traffic. With the expansion of the roadway facilities on Victoria bridge as a result of co-ordination with the seaway we will have a vastly improved highway link with the south shore to the extent that:

1. The capacity has been substantially more than doubled with the installation of a second roadway lane on the downstream bracket;

2. The deck on the upstream lane is being replaced with open type grating similar to that installed on the downstream side;

3. The operation has been streamlined with the installation of automatic toll collectors at the Montreal end replacing the former toll collection booths at both ends of the bridge;

4. The approaches at the Montreal end have been completely altered and at the St. Lambert end they will be greatly improved with the installation of grade separations and the complete elimination of all intersecting traffic.

I think this is most interesting, bearing in mind that these remarks were made after certain discussions with officials of Canadian National Railways. Before I turn to another aspect of this matter, may I say that, like the hon. member for Laurier, I realize that the great proportion of our bridges fall directly under the jurisdiction of the provincial authorities. With this fact in mind, I have noted that this resolution does not spell out in detail the great problem in and about the island of Montreal in relation to bridges and allied communications, not only with relation to the south shore but with relation to Ottawa, the Ottawa valley and the northern part of Montreal north to the Laurentians.

I want to point out right now, Mr. Speaker, that I am on very delicate ground. I am not quite sure, and I admit this, which of these bridges would fall under provincial authority or if the circumstances permit the federal authority to intervene. However, I should like to state simply that as a resident near the island of Montreal, merely 70 miles away, I have often turned on my radio on a Sunday evening and heard pointed out what a major operation it is to get onto the island from the northern approaches on a Sunday night. This is an operation which I understand takes more than a modicum of patience and a sense of humour. It is for this reason I should like to bring this problem to the attention of the house, and I think it should be given some consideration under the terms of this resolution.

Mr. Speaker, I know that the office held by the hon. member for Longueuil (Mr. Sevigny), that of Deputy Speaker, precludes him from entering into this debate. The reasons are obvious. However, I should like to inform the house that in private conversation he has mentioned to me, many times, the great importance of the subject matter of this resolution which is before the house today. Representing as he does a historic south shore community I have spoken about this matter with the hon. member for Longueuil and he has told me that even considering the improvements that are being made today and that will continue to be made on the Jacques Cartier bridge, he is recommending the construction of a bridge east of the Jacques Cartier bridge. As I think it is well known by all here who represent ridings in the general area in and about Montreal that an amazing industrial and housing expansion is going on east of the Jacques Cartier bridge today. For that reason the hon. member for Longueuil has often suggested to me that perhaps the government should definitely consider the construction of a bridge to connect the island of Montreal, starting from the general area of Boucherville.

I know that many more hon. members are going to be interested in offering their contributions in connection with this most worthy resolution presented by the hon. member for Laurier. Although the hon. member for Burnaby-Coquitlam has complicated this whole debate with his great dissertation in relation to tolls, I would like to say to the house that I think this whole discussion should commend itself to most hon. members because bridges, and all types of projects that we have been discussing today,—and the hon. member for Laurier has also pointed out this fact especially in relation to the Victoria bridge, as the Victoria bridge is a shining example of what I am going to say—are self-liquidating projects. For this reason, I repeat, the very fact that they are self-liquidating projects, should commend these to most hon. members of this house and certainly should commend them to the Minister of Finance.

(Translation):

Mr. Azellus Denis (St. Denis): Mr. Speaker, not only is it a pleasure for me, but it is my duty to second the resolution moved by the hon. member for Laurier (Mr. Chevrier) with regard to the administration of the Montreal bridges.

Proposed Montreal Bridge Authority

Representing as we do a population as large as that of Montreal, we are particularly interested in the settlement of this bridge issue, which has been discussed in this house for over 20 years. I am convinced that the hon. member for Laurier has done everything in his power and has acted in an able manner when he was minister of transport, the department having jurisdiction over the Jacques Cartier and Victoria bridges. He has explained clearly and precisely the reasons for creating this bridge administration. We found that he was competent in the matter and that he still remembered his days when he was so efficiently administering the business of this country. This makes it easier for us to add a few words with regard to those bridges.

As he stated so clearly, the tolls, whether on the Jacques Cartier bridge, the Victoria bridge, the Champlain bridge or on any other bridge which the federal government may consider as necessary within a period which I would want to be as short as possible, need to be controlled by some legislation. Everybody knows that it is practically impossible, particularly on week-ends, to get in or out of the island of Montreal; it takes hours and hours to do so. I will say that the collection of tolls slows down even more the traffic on our bridges. Moreover, we need additional bridges not only on the St. Lawrence, but also in the east, the west, and also in the north.

Victoria bridge, as the hon. member for Laurier said, is a hundred years old. It was improved in 1900, at the cost of nearly $2 million, but the section used by motor vehicles cost only—if the figures given are accurate—$100,000. Consequently, the revenues from tolls having reached a million dollars a year for several years, and exceeded that amount, in the last few years, I believe Victoria bridge has been paid up, especially that section being used for motor vehicle traffic. Furthermore, I am told that, while $1,800,000 was being spent on improving the bridge, the government was itself providing $500,000.

I am convinced, therefore, that this bridge yields millions of dollars each year, and that its building cost has been paid up many times. These revenues could very well be used, as this resolution puts it, to speed up the payment of Jacques Cartier bridge, as well as that of other bridges which the government proposes to build.

Jacques Cartier bridge is also a toll bridge and, as in the case of Victoria bridge, in order to divide the deficits, there had to be an arrangement between the city of Montreal, the province of Quebec and the federal government. Unfortunately, the federal government has had little luck with its associates; it had to take legal proceedings against the city of Montreal, in order to get paid while the province of Quebec has subscribed nothing since 1943 or 1944. This means that the federal government, under a Liberal administration, would have had to take legal proceedings against the government of the province of Quebec as well. Now, it takes so little for the present Quebec provincial government to pose as a martyr, that its leaders would have raised an outcry had the then Liberal government taken legal proceedings against the Quebec provincial government. However, since the present government is supposed to be a friendly government, there would be no more case for posing as a martyr, and I believe it would be mere justice to get in touch with the representatives of the province of Quebec and ask them to pay that amount of more than $1 million. And if, then, unfortunately, the government of the province of Quebec should disclaim that debt, courts of justice should be asked to decide whether the government of the province of Quebec owes that amount or not. Quebec provincial leaders do not mind too much going to court. As a matter of fact, in these last few years there always have been one, two or three or even more of them involved in some trial.

May I recall that in 1942, in the province of Quebec, a Liberal government had decided to abolish tolls. In fact, not only did it abolish all of them, but it even bought privates bridges in order to rid the people of Quebec of bridge tolls. As the Jacques Cartier bridge and the Victoria bridge were both under the joint jurisdiction of the city of Montreal, the provincial government and the federal government, the Hon. Mr. Godbout, then premier, came to Ottawa and met with the federal authorities to discuss settlement of the toll problem, because it was not fair, with tolls abolished nearly everywhere in the province, that a third of the people of the province, namely those living on Montreal island and vicinity, should have to pay tolls, while people in the rest of the province did not have to.

I cannot remember how many times each year we met with the then minister of transport, now member for Laurier. In any event, every time Liberal members called on the minister of transport, the minister would state: "We are prepared to abolish toll bridges, but it requires the consent of the three parties involved: the federal government, the city of Montreal and the province of Quebec." Referring to page 4983 of

Hansard for 1947, I find that the Hon. Mr. Chevrier made the following statement:

We will sell to the province or to the municipality the Jacques Cartier bridge, but they will have to take into consideration a fair and reasonable value.

Nous vendrons le pont Jacques-Cartier à la province ou à la municipalité si elles consentent à lui attribuer une valeur raisonnable.

The minister went on to say:

The deputy minister of transport was advised by the Canadian National Railways that it would be willing to agree to a proposal for abolishing tolls, subject to the following:

That, Mr. Speaker, was in 1947. However, unfortunately for the settlement of the matter and for the province of Quebec, the Liberal party had been defeated in 1944 and replaced by the Union Nationale government. Since that time nothing has been done. The provincial government did not make any move and no one has ever heard about the province of Quebec. As a matter of fact, so little was heard from it that it did not even pay its share of the operating deficits of the Jacques Cartier bridge.

An hon. Member: That is dreadful!

Mr. Denis: Indeed it is. However, the decisions of the provincial government, which is always infringing some rule, as if the province of Quebec were an enemy of the federal government, should not be taken lightly.

Mr. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, would the hon. member for St. Denis allow a question?

Mr. Denis: When I am through with my remarks, the hon. member for Joliette-L'Assomption-Montcalm may ask all the questions he wants.

I would like to draw to the attention of the house the fact that the cost of building the Jacques Cartier bridge was estimated originally at $19 million, as the hon. member for Laurier, has pointed out. This was done by means of a loan at 5 per cent interest. It was also thanks to the hon. member for Laurier has pointed out. This in 1949, to get a loan at 2¾ per cent instead of 5 per cent, which reduced the amount of interest by $445,000. From that time on, and thanks to the good administration of the present member for Laurier, the revenues of the Jacques Cartier bridge showed some surpluses.

On May 5, 1953, the hon. minister of transport published a press release, in which it was said plainly—I shall not read it at length—that the federal government was ready to settle the question of tolls provided the authorities of the province of Quebec and of the city of Montreal were ready to negotiate. The day after that release was published, the city of Montreal stated it was prepared to enter into negotiations in order to settle this question of tolls, according to an article published in *Le Devoir* of May 6, 1953:

Following Mr. Lionel Chevrier's statement, Mr. J. O. Asselin, chairman of the Montreal executive committee, said that the city of Montreal would be glad to discuss the abolition of tolls on the Jacques Cartier and Victoria bridges.

Since then, and on several occasions, the municipal authorities have met the Quebec premier, asking him to negotiate with the federal authorities in order to obtain the abolition of tolls. Nothing has been done. The Quebec premier did not budge, as usual, and once again, if we are faced with difficulties today, if the citizens of the island of Montreal have to pay toll charges, while those living in other parts of the province do not pay any, it is still the fault of that famous autonomist who blocks the way and who so acts that the citizen has to pay for that sham autonomy we have to suffer; I hope we shall be able to settle that problem in the near future.

The setting up of a bridge authority, as suggested by the hon. member for Laurier, would actually create a body of experts who would be in a position to make surveys and inquiries on the island of Montreal in order to determine the number of additional bridges needed and also settle the question of tolls to the satisfaction of all concerned.

And in connection with the matter of bridges on the St. Lawrence, Mr. Speaker, I believe it is necessary also to have more of them in the east, in the west and in the north. Everyone knows we have to wait for hours on each of those bridges in the rush hours, especially on Saturdays and Sundays.

Mr. Speaker, I remember that in 1936, the Liberal administration which took over from the Bennett government had passed legislation to help the unemployed and to provide jobs for the people of Canada. It was under that legislation that Pie IX bridge was built; half the construction costs being paid by the province of Quebec, and half by the federal government.

In reply to a question I raised in the house in 1948—and this is in reply to the hon. minister for Joliette-L'Assomption-Montcalm—oh, Mr. Speaker, I feel I have made a

serious mistake, because I do think that title will never be applied to the hon. member—

Mr. Pigeon: It will not be any worse than in your own case; you have been a member for 25 years, and yet you have not—

Mr. Denis: We love him too dearly to send him off to the cabinet.

In 1948, as I was saying, I asked a question in the house, and this is the reply I was given:

(Text):

Yes — under dominion - provincial agreement entered into under relief legislation 1936-37. Maximum dominion contribution authorized—$506,500.

Half a million dollars has been spent by the federal government. What a difference to the $43,000 given lately, and the same thing happened.

(Translation):

The same thing happened in the case of the bridge at Bout de l'Isle. Under the 1936-37 act the federal government paid 50 per cent of the costs.

Mr. Speaker, I believe the bridge authority proposed by the hon. member for Laurier could determine the need for additional bridges around Montreal island and later contact this government and show the importance and the necessity of those bridges. This might lead to legislation similar to that of 1936-37, and so, while we would be relieving unemployment, we could give adequate service to this population of over one million people. Therefore, Mr. Speaker, I am convinced that representatives of constituencies on Montreal island and the province of Quebec would support that resolution which, eventually, would put an end to tolls.

Mr. Speaker, only last week we heard of obstacles to free access to Montreal island. In fact, a tourist bureau report showed that revenues from tourists are growing less each year in Montreal. I am convinced that any visitor who drives into Montreal and who wants to drive out of the city during the weekend tells himself that he will never come back to the province of Quebec and especially not to Montreal island.

Mr. Speaker, I am happy to support the resolution of the hon. member for Laurier and I trust that the other hon. members will do the same.

Mr. Pigeon: Mr. Speaker, the hon. member for St. Denis told me that I could ask him a question at the end of his remarks. Could the hon. member tell me why, at the time his government was in power, he did not claim the moneys that he now says are due by the province of Quebec?

Mr. Denis: Mr. Speaker, I specifically pointed out the reason while I had the floor. If we had claimed those amounts from the premier of Quebec, he would have raised the cry of persecution and would have won his elections by claiming that the federal government was persecuting the provinces, and by harking back to his famous autonomy, as usual, something that is costing us millions of dollars every year. If the hon. member for Joliette-L'Assomption-Montcalm had listened to my remarks—I would suggest that he read today's *Hansard* tomorrow and find out what I said previously—he would see that I gave the reason why we did not take action against the provincial government.

Now that the friends of the hon. member for Joliette-L'Assomption-Montcalm are in charge of the country, I would ask them to do their duty and to render unto Caesar the things which are Ceasar's.

Mr. C. E. Campeau (St. James): Mr. Speaker, I was very agreeably surprised to see that the hon. member for Laurier (Mr. Chevrier) has at last rediscovered Montreal. During all the time he was minister of transport and chairman of the St. Lawrence seaway authority, directing the planning and the carrying out of projects, in the good old days of Liberal administration, the hon. member for Laurier seemed to act as if Cornwall, and not Montreal, was the metropolis of Canada. He had seemed to forget entirely that there was such a city as Montreal. Fortunately, since the election of March 1958, the hon. member for Laurier, and his friends opposite have at last rediscovered Montreal and become aware of that city's needs.

What I do not like about the resolution submitted by the hon. member for Laurier, Mr. Speaker, is that I find it based on the same misconception which guided the St. Lawrence seaway project in the good old days of the Liberal administration.

Once again there is failure to take into account that fundamental aspect of every public works problem, over-all development, and too much attention is given to particular technical and economic details.

It is indeed, deplorable Mr. Speaker, that the Liberal administration was unable to see in the St. Lawrence seaway anything but a digging and dredging project that might affect the operation of a few main sewers. The hon. member for Laurier evidently wants us to repeat the same mistake.

Of course, Mr. Speaker, a man cannot be an expert in everything, an expert in seaway estimates and at the same time an expert on the needs and requirements of the Montreal area. It is indeed quite natural that the hon. member for Laurier be much more familiar with the needs of the district

of Cornwall than with those of the Montreal area. It is probably in that sense that the hon. member for Laurier, while chairman of the St. Lawrence seaway authority, used to repeat to anyone who cared to listen, in the good old days of Liberal administration, that the St. Lawrence seaway was not a highway undertaking. Besides, according to the *Gazette* of March 22, 1955, the hon. member for Laurier stated:

(Text):

The St. Lawrence Seaway Authority was established to build navigation canals and not to solve traffic problems. Hon. Lionel Chevrier reminded critics of the project here yesterday.

He said criticisms of the authority's plans for Victoria, Jacques Cartier and Honore Mercier bridges were justified if they pertained to navigation. "If they only refer to the problem of traffic between the two shores I am not too concerned."

(Translation):

And I now quote from the editorial of the *Gazette* of the following day, March 23, which does not share in any way the opinion of the hon. member for Laurier, who was then chairman of the St. Lawrence seaway authority:

(Text):

As Mr. Chevrier said: "Our statute, in effect, imposes on us the task of canalizing—not roadways or traffic." In other words, the St. Lawrence Seaway Authority has been assigned the task of "building the ditch". It does not consider that it has the obligation to solve other problems.

It must be admitted that Mr. Chevrier speaks in his own defence with considerable reason. The difficulty is, however, that the building of the channel may itself cause tremendous changes in the whole area of Montreal—in industry, in shipping, in traffic. What is also important, the St. Lawrence Seaway Authority, by setting out to build the channel as such, may find that it has failed to co-ordinate the channel with the larger plans that might be needed to solve the new problems.

The truth is that the "task of canalization"—which Mr. Chevrier believes to be his particular assignment—is in itself too narrow an interpretation of what the St. Lawrence seaway really involves.

(Translation):

The hon. member for Laurier, Mr. Speaker, obviously does not like comprehensive views. The creative vision shown by the right hon. Prime Minister (Mr. Diefenbaker), when he proposed to the nation his national development program, is above his comprehension. The hon. member for Laurier prefers the good old-time manner of the Liberal administration, multiplying crown corporations and agencies to facilitate the granting and control of major contracts.

The problems of traffic connections between Montreal and the south shore existed at the time the seaway was decided. At the time, however, the Liberal administration was unaware of the existence of Montreal. There is no doubt that more bridges are needed between Montreal and the south shore. Statistics are there to prove it. I am not going to repeat the figures which the hon. member for Laurier has already quoted, nor those referred to by other hon. members. But I should like to draw the attention of the house to the figures given by the national harbours board in regard to vehicular traffic on Jacques Cartier bridge.

Generally speaking, between 1949 and 1954, the figures doubled, and between 1954 and 1957, they doubled again. In other words, they practically doubled in five years and tripled in eight years. I could quote more figures, but there is no doubt that the need for additional bridges and tunnels is an urgent and long standing one. There is no doubt that work on the seaway has increased the problems of vehicular traffic between the two shores. It would be interesting to review what was done and what was not done in this regard. I shall be content, Mr. Speaker, to quote the hon. member for Laurier, who, when he was chairman of the St. Lawrence seaway authority, made the following statement with regard to Victoria bridge:

The bridge being low, it was not easy to co-ordinate the requirements of highway and seaway traffic. I am pleased to announce that we have found a solution. Engineers of the Seaway authority and of the Canadian National have reached agreement on the principle of a plan that will not slow down the normal flow of traffic.

I think the facts do not bear out those expectations. We hope, Mr. Speaker, that as a result of the forceful intervention of the Minister of Transport (Mr. Hees) a solution will be found that will prevent undue delaying of traffic on Victoria bridge.

In this regard, I wish to draw attention to the efforts of the hon. member for Longueuil (Mr. Sevigny), who is now in the Speaker's chair, towards improving the situation with regard to the approaches to Victoria bridge. And I personally hope, if there is no other solution, that pending completion of the work, people on the south shore will not have to pay tolls, so that they might forget the delays in which they will be involved on the Victoria bridge, thanks to the Liberal administration.

As regards Jacques Cartier bridge, I am pleased that it is a Conservative government that will add a new lane on the bridge this year. As to Champlain bridge, I was pleasantly surprised to see that, due to the vigorous intervention of the Minister of Transport, contracts for those works will be let this year while, in the good old days of Liberal administration, delay followed delay as only one engineer

had been hired to draw up the plans, probably so he would not get mixed up in his calculations and to facilitate the control of contracts to be granted.

It seems to me that the necessity of a bridge in the eastern part of Montreal island, has been demonstrated time and again, I need only refer to the latest developments on the south shore to show that this huge industrial and residential expansion requires improved communication between both shores. It is reported in the *Gazette* of March 4, 1959, that the Dosco Company, the Sogemines Limited, the Dominion Steel and Coal Corporation and other companies are planning development in the area of Varennes, Vercheres and Contrecoeur.

There is no doubt that these industries will ask or will need improved communications with the economic area of Montreal and particularly with the business centre of the city. Nor is there any doubt that a large part of the Montreal population will be employed in those industries. About this development, may I point out, Mr. Speaker, that the whole problem of traffic connection is related to a greater problem, that of the future development of Montreal harbour. I think it was to that effect that an engineers' report was filed in 1950, as stated by the hon. member from Laurier. However I wonder what happened to this report between 1950 and 1957. During that period, the Liberal government was in power and the reports submitted by engineers were allowed to gather as much dust as possible in the records of the good old days of the Liberal administration.

It is deplorable, Mr. Speaker, that the plans for the future development of the port of Montreal were not defined instead. Taking an instance, if only to stress one point, this is what the hon. member for Laurier, then minister of transport or chairman of the seaway authority—I don't remember which—stated and I quote from *La Presse* of February 13, 1951:

> A few minutes earlier, Mr. Chevrier had stated that one of the proposed improvements was the creation between Victoria bridge and Longue-Pointe, of an artificial basin similar to those of the world's larger ports, especially those of London, Liverpool, Antwerp, Le Havre and Buenos Aires.
>
> Protective works in Montreal harbour would not only have the effect, he said, of eliminating the river current, of improving ice conditions and of cutting down much of the danger of spring floods, but they would also, in the minister's opinion, "reclaim an extensive flooded area on the south shore of the river", and would call for "a development of harbour facilities, as required, on the south shore, according to needs" and would further open up to industrial development "one of the most promising industrial areas of this continent, which is situated between Victoria bridge and Varennes".

La Presse also reproduced in July 1956, the following statement of the then minister of transport—excuse me, he was then chairman of the seaway:

> First of all, the railway concentration at Pointe-St-Charles made travel by the north shore difficult; it was necessary also to prevent shipping from creating a practically permanent bottleneck while passing through Montreal harbour.
>
> There is this additional fact, added the speaker, that industrial and residential areas will find additional available space on the south shore.
>
> Montreal is an almost exceptional example in the world of a great river port being choked up at the foot of a mountain, while its opposite shore is being completely neglected. Montreal is a harbour without a right bank, while an almost empty plain spreads out at its feet on the other side of the river.
>
> The seaway will correct this situation, added the speaker. Already the shadow of industry is spreading over the south shore triangle, between Valleyfield, St. Jean and Sorel, but many people are induly concerned about the future of south shore communties.

And I now quote from *La Patrie* of February 13, 1951:

> Mr. Chevrier made it clear that those improvements were based on the provisional report of an engineers' committee set up the year before "to consider the necessity of co-ordinating the responsibilities of the Department of Transport and of the national harbours board, and to provide for their fulfilment, with a view to establishing facilities to meet future needs, not only of the St. Lawrence seaway, the Lachine canal and of railway transportation, but of Montreal harbour."
>
> He stated that one of the proposed improvements was the creation, between Victoria bridge and Longue-Pointe, of an artificial dock similar to those of the world's larger ports, especially those of London, Liverpool, Antwerp, Le Havre, and Buenos Aires.
>
> Protection works in Montreal harbour would not eliminate the river current,—

Then follows the same quotation as was given a moment ago. In other words, as early as 1950, it was known that certain improvements would have to be made with regard to shipping in Montreal harbour. Thus, there was talk of this dam at Sainte Therese island. The point now is to decide whether there should be a dam or not, a matter that can weigh heavily on the development of the area, the development of the harbour itself and the surrounding area. Between 1950 and 1957, no decision whatever had been reached in this connection, and those who want to develop that area, whether the islands of Boucherville, Sainte Therese island and the neighbouring shores, and even the industrial locations of Vercheres, Varennes, Contrecoeur, as well as the industrial sites of the Laprairie basin do not yet know what kind of physical development is in the offing for the harbour.

However, the McGill University business school, and particularly its Montreal research council, having made an exhaustive

study of the matter called attention in 1958, to the possible repercussions of the St. Lawrence seaway on Montreal harbour and indicated that the immediate provision of the facilities needed for the adequate future development of Montreal harbour was urgently called for. Allow me to mention, in this connection, the splendid work done by the Montreal harbour council, a district committee under the able chairmanship of Mr. Murray Hayes, vice chairman of the executive committee of Montreal, who have been studying the whole question of jurisdiction and planning in Montreal harbour in co-operation with the national harbours board.

Before we think of the ways of doing it, I think we must first draw up an over-all plan which would provide for the future expansion of Montreal harbour, including the use of the harbour's neighbouring areas, and which would take into account future shipping facilities, railway traffic, motor traffic and parking, and all other necessary facilities. We must dispel the present dangerous uncertainty and encourage private industry to go ahead with full knowledge of what the public authorities want to achieve for the future of Montreal harbour. After that, we could study ways and means of achieving this over-all plan, including the necessary bridges and tunnels.

Once again, the hon. member for Laurier has probably yielded, as in the good old days of the Liberal administration, to the American influence when he apparently tried to copy the port authority of New York. However, there is quite a difference between New York and Montreal in this respect. Port revenues over there go to the city of New York and to the port authority, while in Montreal the situation is altogether different.

In closing, Mr. Speaker, may I point out that Montreal, without its harbour, would be a city of minor importance. To preserve its status of metropolis of Canada, no effort should be spared in making its harbour facilities rank with the world's most modern facilities. It is of primary importance for Montreal and for the whole country that Montreal harbour keep its efficiency and its high reputation and that the city of Montreal maintain its rank among the world's great metropolitan centres.

Mr. Raymond Eudes (Hochelaga): Mr. Speaker, may I be allowed to say a few words in support of this resolution.

It is necessary for me, in order to support it to repeat the sound arguments used by the hon. member for Laurier (Mr. Chevrier), and to stress its merits as well as the good and practical results it would bring about.

I shall content myself with commenting briefly on the paragraph dealing with the third power which would be given to the bridge authority suggested by this resolution, i.e.:

To build other bridges across the St. Lawrence river, at Montreal.

It may be stated, without fear of error,—and this is, in fact, the general and almost unanimous impression—that the bridges connecting Montreal island with the south shore of the St. Lawrence no longer serve the main purposes for which they were designed, i.e. to give motor vehicles adequate means of communication between the north and south shores of the St. Lawrence in the Montreal area.

At the present time, three bridges link those shores: Jacques Cartier and Victoria, owned by the Canadian National Railway Company, and Mercier bridge, which does not come under federal jurisdiction.

Prima facie evidence of their inadequacy is the fact that a fourth one, Champlain bridge, is being erected west of Jacques Cartier bridge. Another traffic lane on Jacques Cartier bridge was recently opened to motor vehicle traffic, and it is proposed, in the course of next year, to use all available remaining space on that bridge for the same purpose.

This additional bridge, together with its two additional lanes, will no doubt improve the traffic situation between the shores of the St. Lawrence but, even when completed—in so far as communication facilities between those two shores of the St. Lawrence in the vicinity of Montreal are concerned—they will never efficiently solve the motor vehicle traffic problem.

One has only to cross one of those bridges to have an idea of the problem. In any season, at any hour, there is no let-up. At times, when the traffic has not yet reached its normal intensity, they may give the impression that they fulfil their function. But let anyone venture to cross from one shore to the other at what are conveniently called rush hours. Now those rush hours extend from before 8 o'clock in the morning till 7 o'clock at night, with some scarcely perceptible let-up in between. And the word "venture" is not exaggerated.

In the first place, the approaches to the bridge—as a result of the rush of incoming vehicles, and the presence of other traffic which, though going elsewhere, has to use the same streets—are barely accessible, and can only be crossed by dint of waiting and patience.

The drive across the bridge has become such a slow process that automobile engines choke up and stall, and this in turn often causes many accidents.

The result is that, once the bridge has been crossed, car drivers face another problem: they again have to go through the dense traffic on the way out of the approach opposite the one they have just left.

Mr. Speaker, I think there is no need for me to describe in greater detail what an achievement it is to cross a bridge on Montreal island at the so-called rush hours, because all the members of the metropolitan area are quite familiar with the situation.

On the other hand, the serious difficulties caused by this lack of sufficient communication facilities between the south shore and the north shore of the St. Lawrence river in the Montreal area are easy to visualize: losses of man-hours, unaccountable delays, heavily increased transportation costs, delivery problems, all factors that have a definitely harmful effect on the economy of the area.

There is another, more basic, argument to show the inadequacy of bridges on the St. Lawrence at Montreal.

To a considerable degree, the Canadian metropolis and the surrounding area have shared in the great development Canada has enjoyed in the last 15 years.

For instance, in 1957, the population of the city of Montreal was over 1,127,000, and the population of the metropolitan area, 1,695,000, of which at least 95,000 were living on the south shore, which had an industrial output of $3,725,000,000, whereas industrial production in the metropolis itself stood at $2,208,000,000.

The whole metropolitan area is now in the throes of growing pains, and this era of progress is still very far from over.

Montreal is thus going through the same phenomenon experienced by other cities with large populations: the effect of gradual encirclement by surrounding municipalities.

Only a few decades ago, industry and business in the area were thriving along Montreal harbour. Plants could get the necessary water supply for their operation and economical water transport was at hand.

Nowadays, and for the last ten years especially, the population of Montreal has increased tremendously.

New techniques have modified industry. Larger sites have been required for the installation of modern equipment. In the vicinity of plants, large parking areas have become a necessity.

In other words, industry and business, like residential areas, have spread out at an increasing rate, beyond the old-time central nucleus.

Again today, everywhere around Montreal, on the south shore as well as on the north shore, new plants are being built, residential areas are sprouting up, new municipalities are being founded. And the opening of the St. Lawrence seaway will give new momentum to this already intensitive development.

Of course, this development involves many difficult and urgent problems, one of the most important being that of transportation between Montreal island and the south shore of the St. Lawrence river.

There is no need to emphasize the importance in modern economy of transportation, whose function is to take raw materials and finished products as easily and as quickly as possible to their markets, and to take workers to their jobs.

This rapid expansion and development of the metropolitan area have multiplied transportation needs: longer distances to cover, more frequent deliveries of products to farther places, mass movements of workers,—still chiefly concentrated in the city proper—to an increasing number of plants situated on the south shore. There are also more frequent movements of the general population towards both shores, on business, for recreation or for the pleasure of travel.

It is easily understandable, Mr. Speaker, that the present bridges have ceased to meet the urgent and essential needs of motor traffic between both shores of the St. Lawrence river, in the Montreal area.

There is no doubt that the new Champlain bridge, now under construction, will relieve the transportation difficulties I just referred to, but it will be no more than a partial remedy; and when that new bridge is added to the existing ones, it will not bring the urgent and efficient solution of this transportation problem between both shores of the St. Lawrence in the metropolitan area.

Last but not least, this new bridge will not bring any improvement in the critical situation now prevailing in the eastern Montreal area. In fact, difficulties with regard to communications between the two shores are most intensely felt downstream from Jacques Cartier bridge.

A geographical study of the map of Montreal reveals that Jacques Cartier bridge crosses the river on a line which, if extended, would divide the island of Montreal in two parts, east and west, of about equal size.

Now, all other bridges, including the Champlain bridge which is now being built, are

located to the west of Jacques Cartier bridge and at a considerable distance from one another.

That gigantic development of the metropolitan area on both shores has taken place with much more rapidity in the west.

In the east, this development is only in its initial phase. From a few thousand people, for instance, only some ten years ago, the population of the eastern suburbs of Montreal has risen to 90,000 souls in 1957 with an industrial potential of approximately $778 million.

On the south shore, to the east of Jacques Cartier bridge, up to Contrecœur, hundreds of million of dollars were recently invested in the setting up of new industries and the labour force necessary to the operation of those industries is and will be for some considerable time in the future, supplied by an industrial and working population living on the island of Montreal.

As a result, the traffic between the south and the north shores of the St. Lawrence, in the eastern section of the metropolitan area, is getting heavier from day to day. Because of the distance involved, almost all this traffic crosses Jacques Cartier bridge.

Now, this bridge is often very far toward the west, from the starting points of the vehicles which must go across. The roads and streets leading to the bridge, both on account of the great deal of traffic caused by the bridge and on account of the heavy local traffic, are the scene of an indescribable congestion. It must be borne in mind that the approach to Jacques Cartier bridge on the island of Montreal is located just where the population is the most dense. The resulting congestion is still worse on Jacques Cartier bridge than on other bridges and causes a deplorable slowing down of traffic.

Let us consider for a moment these statistics taken from the annual reports of the national harbours board. From May 1930 to June 1931, about 1,650,000 motor cars crossed the Jacques Cartier bridge. In 1950, 4,822,-462. In 1956, 11,000,000. In 1957, 11,-500,000, an increase of half a million in one year. One Sunday, on August 15, 1930, for instance, when the famous German dirigible, the R-100, the centre of attraction of the whole area, was on the south shore, an all-time high of 15,000 vehicles had been recorded on that day.

Today, Mr. Speaker, a daily average of 35,000 vehicles cross the bridge during the week and 60,000 on Sunday. Here is another example. On a Friday, on September 19 last, between 5 and 6 o'clock in the evening, 1,256 cars crossed the Jacques Cartier bridge towards the north and 2,834 towards the south; that is the full carrying capacity of the bridge.

No wonder that the bridge no longer meets the needs created by the traffic running between the north and south shores of the St. Lawrence, in the eastern metropolitan area.

The numerous and increasing difficulties brought about by the inadequacy of the means of transportation between those two shores obviously give rise to a considerable waste of time, increased transportation, delivery and motor vehicles operation costs which put together are unmistakably detrimental to the present development of the eastern part of the area and unfairly penalize the residents in that area by the additional expenses involved.

A new lane on the Jacques Cartier bridge, the last one possible, will be opened. This step is most welcome indeed, but it is clearly inadequate and does not provide the solution called for by the problems of communication between the two shores of the St. Lawrence in the eastern part of the metropolitan area.

It is quite obvious that economic conditions today require the construction of a new bridge below the Jacques Cartier bridge. It is not a new project. That construction was recommended in the 1950 report of the Montreal harbour board.

On December 9, 1957, the hon. member for Laurier suggested the same project in this house, and my colleagues the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) and the hon. member for Papineau (Mr. Meunier) made the same suggestion. I do not think many representatives of our metropolitan area in this house are opposed to the project.

In closing, may I assure you, Mr. Speaker, that this is one of my reasons for supporting this resolution. I urge the Minister of Transport (Mr. Hees) to consider building a new bridge below Jacques Cartier bridge.

Mr. Marcel Bourbonnais (Vaudreuil-Soulanges): Mr. Speaker, as a member for a riding located in the suburbs of the great city of Montreal, I take pleasure in congratulating the hon. member for Laurier (Mr. Chevrier) on his most intelligent suggestion. Beyond doubt, as citizens of the Vaudreuil-Soulanges peninsula we are aware of the bridge problem. We realize it is a most difficult problem. Our sympathy goes out to the people of Montreal and of the south shore who are obliged to travel great distances to go to work.

Proposed Montreal Bridge Authority

Our opponents did not manage to build a bridge during the 22 years they were in office, but I am confident that this proposed bridge will be built under a Conservative administration.

But the proposal submitted by the hon. member for Laurier places him in a dangerous position. We know that in Montreal when a great politician is more concerned with the general interest than with his party, he is in danger of being struck off the list of his party should the Conservative party decide to accept his proposal. Moreover, his proposal is not quite original. In fact, the bridge now referred to has been asked for by the Conservatives and the Liberals as well, as was evidenced a while ago by the hon. member for St. Denis (Mr. Denis) when he stated that during the 20 years he has been here, when his party was in power, a great number of delegates came to Ottawa to make representations in order to get a favourable decision from the minister of transport with regard to the construction of a bridge. So his proposal is not original.

The hon. member for Laurier suggests the establishment of a new organization which would "control" the bridges and which would look after their operation under a single administration. As far as I am concerned, the idea is hardly commendable. The hon. members of the C.C.F. party seem rather in favour of a triumvirate, composed of the municipal, the provincial and the federal administrations to operate those bridges. I think it would be more advisable to let the present administration of the Jacques Cartier and Victoria bridges carry on as it does now, because I understand Jacques Cartier bridge will be paid for within three or four years. As for Victoria bridge it has been paid for long ago. If a new bridge is to be built, it should be placed under another administration, in the care of private enterprise, with the financial support of a government agency. There is too great a tendency nowadays to let the government settle everything. There is lack of confidence in private enterprise yet it always provides the best and most efficient service. In the province of Quebec, the bridges built under the previous administration give an exact picture of the parties by which they were built: they are long, aloof and very narrow; such are Mercier bridge as well as Taschereau and Galipeau bridges, between Ste. Anne and Vaudreuil; they are long, narrow and wearisome to cross. It will be recalled that those bridges served to make fortunes for petty civil servants who were supposed to be getting salaries of $100 a month but had a $40,000 a year income, under the old administration.

[Mr. Bourbonnais.]

Of course these were abuses which today prompt hon. members to call for the abolition of bridge tolls. But rather than abolish bridge tolls, I feel it would be advisable to find some mechanical devices, perhaps, to ensure the collection of those receipts which the bridges should yield, that is to say that bridges should be a source of revenues for governments or the people responsible for their administration.

I have a feeling of admiration for the hon. member for Laurier who is not proposing the abolition of bridge tolls, as do our friends of the C.C.F. who wish to abolish tolls out of lofty generosity toward the population. They always want to eliminate taxes, or everything that costs the taxpayers money, but they never tell us where we would get the money necessary to manage the affairs of this country. The hon. member for Laurier had the courage to refrain from asking for the abolition of bridge tolls. Well, we still know where to look for the experience and sincerity of a hardy old politician, and,—because our friends were comparing him to an ageing lion—we find that he has not lost his claws, and that, at times, he knows how to use them and how to set traps for us. However bridges, or buildings of any type, have to be paid for by the taxpayers. It would not be fair to ask all taxpayers in Canada to help pay for the cost of structures which benefit only a particular area of the country. It is known that the city of Montreal is burdened with too many construction problems at this time, and the few travellers who drive through Montreal can see that there is construction going on throughout the city and that the seaway has brought about substantial industrial expansion.

People who live in eastern Montreal and on the south shore, in Varennes, Boucherville and Contrecoeur, are entitled to the necessary facilities to get to Montreal, but we should not ask the city of Montreal alone to pay for the construction of a bridge which will be used not only by the people of Montreal, but by people outside the city, or to ask the province of Quebec to share in the cost of such a project.

Besides, in the last few years, the province of Quebec has built some 2,000 bridges,—and I say this for the benefit of the hon. member for St. Denis who claimed that the Duplessis administration had not spent anything for bridges. The blind who do not want to see are worse than the deaf who do not want to hear, and it may be that some day the hon. members will see the light, the light of understanding, and will come out of their dream of administration,

of control. They are blinded by the fact they held office so long and that they now sit in the opposition. We forgive them.

Mr. Speaker, there are many other kinds of bridges that could be built in the city of Montreal, bridges that would not be expensive. We have had a fine example of one recently, when the hon. member for St. Lawrence-St. George (Mr. Chambers) built a magnificent bridge between C.B.C. producers and management It may not be the kind of bridge that we should be talking about now, but I believe bridges of that type are always beneficial and are quite useful to all the population, not only of Montreal, but of the suburbs as well.

Mr. Deschatelets: It could have been built a little faster than it was.

Mr. Bourbonnais: It is too bad you were unable to build one like it. There would be other bridges, like the one that might be built between our national railways, which at this time seem to be making slightly exaggerated demands for a boost in rates, which would, to a certain extent, prejudice the people of Montreal and of this country as a whole. I mean that, if people living in the suburbs have to travel by rail, they will have to pay the planned higher rate of 17 to 37 per cent. Well, those people will be deprived of a revenue which, today, enables them to make certain purchases. It is well known that suburbanites do part of their shopping in the city of Montreal. Their situation will be somehow adversely affected by the exaggerated increase in railway fares, and the city of Montreal will feel the effects of this. Apart from this, since Montreal commuters who use the Canadian National and Canadian Pacific railways will be seriously affected by this increase, if it is granted, the economy of their communities will suffer accordingly. The Minister of Transport told us the other day, that the board of transport commissioners would make a thorough investigation before tolerating this increase. If the increase in railway fares is accepted, it will slow down development in the ridings of Vaudreuil-Soulanges, Laval and Two Mountains. It will also prevent many Montreal citizens from settling and living outside the city where they can enjoy fresh air, quiet and open spaces.

Our rural citizens always support good moves likely to help the city of Montreal whenever the opportunity presents itself. The proof of this is that, if a vote were taken with regard to the building of a bridge, the first to support the motion would be the members for ridings around Montreal.

Mr. Speaker, before closing my remarks, I should like to say that, if a great many bridges still remain to be built, the Union Nationale government, at the present time, proposes to replace, not later than this spring, the bridges connecting the city of Montreal with the constituency of Vaudreuil, namely the Taschereau and Galipeau bridges, with new bridges that will be representative of the Union Nationale party, that is, wide, stylish, well arched and strong.

An hon. Member: Will they be as strong as the Three Rivers bridge?

Mr. Pigeon: Why don't you talk about the Quebec bridge that collapsed four times!

Mr. Bourbonnais: Talk about the Quebec bridge? It is ill-fitting to refer to bridges that have caused tragedies.

In closing, I should like to congratulate once again all those who made fine academic speeches about bridges linking Montreal with the south shore. We especially enjoyed the brilliant outline given by the hon. member for St. James (Mr. Campeau), who managed to direct a criticism which was somewhat harsh, but based on actual figures, to the mover of the resolution.

Mr. Speaker, I would like to add that should the resolution of the hon. member for Laurier be put to a vote I would be pleased to support it, subject to certain improvements and the deletion of this paragraph which provides for the establishment of a new agency, because I believe we now have all the necessary agencies for such a construction.

Indeed, the Department of Transport, the Department of Public Works and, perhaps, the Central Mortgage and Housing Corporation could be authorized to grant loans to certain private companies for the construction of public buildings or bridges which would be used by part of such a large population as that of Canada's metropolis.

Once again, Mr. Speaker, I wish to congratulate the preceding speakers who gave this resolution their support.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like first of all to congratulate the hon. member for Laurier (Mr. Chevrier) for having introduced this resolution in the house, and tell him how appropriate such a proposal is in view of the fact that he put it in a new and original light which emphasizes the complex problems we have to solve, if we want to provide the citizens of the Montreal area with more convenient means of communication.

Proposed Montreal Bridge Authority

Mr. Speaker, I should like to limit my remarks to paragraph 3 of the resolution, which provides for the building of other bridges across the St. Lawrence river, at Montreal, and especially inform the house of the need for an additional bridge in eastern Montreal to link with the south shore of the St. Lawrence.

Since the remarks made by the hon. member for Vaudreuil-Soulanges (Mr. Bourbonnais) do cast some doubt as to what the Liberal members have done while the Liberal government was in office as well as to the originality of this resolution, I should like to prove to him that, several years ago, we took an interest in this matter, and that this resolution which is now being submitted to us presents new and original considerations which are necessitated by the increasing number of complex problems resulting from the St. Lawrence seaway.

At this stage, Mr. Speaker, I should like to refer to page 706 of *Hansard* for January 31, 1955, where I stated:

I would like here, in passing, to suggest to the government to take into consideration the building of a new bridge on the St. Lawrence river at the end of Pie IX boulevard; when I am suggesting the building of this additional bridge for Montreal, what I have in mind is the speeding up of traffic. As a matter of fact, all the traffic coming from the eastern part of the city must now go through the central part of the town in order to cross Jacques Cartier bridge; this Pie IX boulevard bridge would link the south shore of the river with eastern Montreal, and would connect directly the Laurentian highway with Pie IX boulevard at St. Vincent de Paul.

I should like now to refer to page 4298 of *Hansard* for August 29, 1958, where I stated:

I now want to bring the minister up to date on the various conversations—

I was then addressing myself to the hon. Minister of Transport (Mr. Hees), in connection with his department's estimates.

I now want to bring the minister up to date on the various conversations I have had on this subject with the former minister of transport, Mr. Marler. The former minister of transport, having instantly recognized the need for a third bridge in Montreal East, had decided in 1957 to submit the matter to the Council of Ministers, once work on the bridge of the Ile des Soeurs (now Champlain bridge) had been completed. I am sure the minister will not refuse to take my word on this, but I must tell him that the matter goes much farther than that, for even the name of this new bridge was dragged into the discussions.

As controversy was raging at the time about the name chosen by the C.N.R. authorities for the new hotel, I had suggested to the former minister of transport that the authorities of the city of Montreal, as well as the residents of Montreal East, would be only too proud if we called this bridge after Montreal's founder, Maisonneuve. To this, the former minister of transport had replied to me that it was not the practice of the former Liberal government to impose names for constructions under its jurisdiction.

I must say, in this connection, that the present government followed our policy in selecting the name of Champlain bridge.

The former minister of transport had, however, promised me that if the authorities of the city of Montreal, and the public bodies concerned, agreed upon calling it Maisonneuve bridge, then the government of that time would be happy to agree.

Then, I added:

The minister will appreciate, no doubt, the work that has already been done by Liberal members toward the construction of this third bridge over the St. Lawrence river, and he will also appreciate the fact that even the name has almost been chosen.

This, I believe, answers very well the remarks just made by the hon. member for Vaudreuil-Soulanges.

And now, Mr. Speaker, I should like to add that since the beginning of the seaway construction more particularly, new needs have cropped up which require the co-ordination of means, such as those suggested by the hon. member for Laurier, to solve the problem.

Now, in connection with a certain remark made by the hon. member for Vaudreuil-Soulanges, may I say that I took an interest myself in the matter, and I would like to see a member opposite give us before the end of this debate, and based on *Hansard,* a single example of any steps taken by a Conservative member of parliament in connection with bridges on the island of Montreal.

Mr. Speaker, the south shore of the St. Lawrence river is now going through a period of industrial expansion, and this makes it even more imperious and more urgent to build a new bridge in the east of Montreal. However, such a bridge will meet our needs only inasmuch as there is some co-ordination in the study of the matter. I think the resolution put forward today by the hon. member for Laurier is the most original and the most adequate one ever introduced in this house on the subject.

Now, Mr. Speaker, I would point out to our honourable friends opposite that they have been managing the country for two years and that the problems which then existed regarding the need for building a bridge in the Montreal area have become greater and even more complex in the last two years.

Not only do I not recall ever reading any suggestions from a Conservative member in *Hansard,* but I have seen no reference to the matter in the speech from the throne, nor

have I heard of any contemplated legislation to deal with this problem which was so ably dealt with today by the hon. member for Laurier. As a matter of fact, if we are now discussing this question, and if it is being brought to the forefront—it will be in the news and will be discussed by several municipal councils—the credit goes to none other than the hon. member for Laurier, the mover of this resolution.

Before resuming my seat, Mr. Speaker, may I say to the house that I favour this motion. I hope our friends in the Conservative party will forget about party lines and will vote in favour of this proposal which can give us the key to the problem of communication facilities facing Montreal today. The fact that the hon. member for Laurier will be credited for it should not prevent them from voting in favour of this proposal.

Mr. Rodrigue Bourdages (Laval): Mr. Speaker, this resolution surely deserves much attention from the members of the house. In fact, not only does it deserve the attention of hon. members representing constituencies affected by the Jacques Cartier and Victoria bridges, but I know the hon. members for Longueuil (Mr. Sevigny), for Chambly-Rouville (Mr. Johnson), for St. Mary (Mr. Valade) and for St. James (Mr. Campeau) are particularly interested in this resolution.

I know also, Mr. Speaker, that the hon. member for Longueuil would like very much to express the views of his constituents, but as he occupies here a position which forbids him to take part in the debate, he cannot do so. Besides he may have to stop us, members from the Montreal area, if we go too far or if we are out of order.

Mr. Speaker, this resolution must be of tremendous interest to all hon. members from the Montreal area, on either side of the house.

That is why I take part in this debate.

Before I come to the heart of my remarks, Mr. Speaker, may I offer my most sincere congratulations to the hon. member for Laurier (Mr. Chevrier) for having moved the resolution which reads:

> That, in the opinion of this house, the government should consider the advisability of establishing a public corporation or bridge authority which would be empowered:
>
> 1. To acquire from the national harbours board, the ownership of (i) the Jacques Cartier bridge; and (ii) the Nuns' island bridge (when completed), Of course,
>
> —upon reasonable terms and conditions;
>
> 2. To lease from the Canadian National Railways the facilities for motor vehicles over the Victoria bridge, upon reasonable terms and conditions;
>
> 3. To build other bridges across the St. Lawrence river at Montreal; and
>
> 4. To operate all such facilities for the convenience of the public, using the revenues therefrom to meet the expenses of administration and operation and the costs of interest and amortization.

I congratulate the hon. member for Laurier (Mr. Chevrier) for having introduced this resolution. But what I find rather strange is that nobody ever complained about the situation although the Jacques Cartier bridge was built almost thirty years ago and although the hon. member for Laurier, who has been a member of this house for more than twenty years and who was also minister of transport for quite a few years, never thought of introducing before now such a motion. I think his suggestion is very interesting and is welcomed by all the members of this house. But as far as I am concerned, there are much more important problems than that of organizing a government agency or a bridge administration.

Mr. Speaker, according to my calculations, there are now eight bridges to accommodate the people of the island of Montreal, leading to and from the city. At the south-eastern end of Montreal island, we have the Charlemagne bridge; moving toward the centre, we come to the Jacques Cartier bridge; a little farther west, the Victoria bridge, and again a little farther west and to the north, we have the Mercier bridge; at the western limit, we have the Ste. Anne de Bellevue bridge; on the northwest side, there is the Cartierville bridge and a little more toward the centre there is the Viau bridge. And later on, a few years from now, we shall have a ninth bridge, the Champlain bridge leading to Nuns' island.

We have now those eight bridges, Mr. Speaker, and we will have another one a few years from now to serve a population of over 1½ million spread over an area of approximately 350 square miles. Something which is even stranger yet, there is in the northern part of Laval constituency which I have the honour and pleasure of representing in this house, an island adjacent to the island of Montreal, known as Jesus island the population of which is much smaller than that of Montreal, since it numbers approximately

100,000 people only. The area of Jesus island is approximately half that of the city of Montreal, or approximately 150 square miles.

In addition, Jesus island has eight bridges, as many as the island of Montreal. We have the Cartierville bridge at the south-west tip, the Viau and St. Eustache bridges in the centre part, and the Pie IX bridge in the north. We also have the Terrebonne bridge which was built by the city of Terrebonne in co-operation with the present provincial government. This bridge is a tremendous help to the municipality, on account of the tolls it provides. In addition, we have two other magnificent bridges on Jesus island.

We also have a magnificent highway with a weekly traffic of about 50,000 cars. There is no other highway like this one, not only in this country, but in the whole world. With all due deference to my honourable colleagues opposite, the building of this magnificent highway is due to the present premier of Quebec.

Proportionally to its population, Jesus island has a bridge per 12,000 people while in Montreal they have a bridge per 200,000 people. I believe it is urgent to build a bridge on the island of Montreal in view of the fast development of the area. I think that the pace of development on the south and north shores of the St. Lawrence river is due to the St. Lawrence seaway which has brought and will bring many industries and business establishments to both sides of the river.

Mr. Speaker, within a few years, the population on the south shore of the St. Lawrence river will have increased threefold and the population of Montreal will certainly be over 2½ million people. I think that the means of communication between Montreal and the south shore are of the greatest importance. The approaches to the bridges paralyse traffic. Access roads would paralyse traffic at peak hours in particular and it would take hours to cross either the Jacques Cartier or the Victoria bridges. If traffic is paralysed, this will enormously delay the delevopment of industry, of trade and of housing construction.

Some of the different members who spoke before me have said that in 1949, traffic on the Jacques Cartier bridge had been over 4,500,000 cars and that the number of cars which will be crossing it in 1959 will reach 12 million. I think it is necessary for the present government to take steps immediately in order to do away with the bottlenecks on both Jacques Cartier bridge and Victoria bridge. This is an urgent problem. It may build approaches for all the bridges that are needed in the Montreal area, to serve the people of the island of Montreal entering or leaving the city.

I also think, Mr. Speaker, that the government should at once order an extensive survey to be made immediately in order to hasten the construction of Champlain bridge or Nuns' island bridge if you want to call it that way. That bridge should be completed at the latest in 1961, or if you want a maximum delay in 1962.

For all the reasons I just mentioned, I believe the present federal government should consider building a new bridge in the east end of Montreal, which would enable not only the people of the Montreal area but the people of Canada and of the United States to visit our part of the country which we all cherish. The bridge should be built in the eastern section and should link the city of Montreal to the south shore district, that is to the following areas, Fatima, Vercheres, Varennes and Boucherville.

I understand, Mr. Speaker, that building a new bridge at a possible cost of $40 million or $50 million requires much study and long and serious consideration. That is why this afternoon, most of the members from the Montreal area who know the district and who are aware of the need of another bridge in the east, have addressed the house. I am not ready to say right now that such a bridge should be built and paid entirely by the federal government. The necessary funds could perhaps be loaned for the construction of this bridge, in the same way, for instance, that the government is loaning millions at the present time to the central mortgage and housing corporation in order to enable Canadians to build homes or to establish businesses. I do not see why the federal government could not loan such a sum of money to permit the construction of a new bridge, the cost of which would be paid off in 25 to 30 years, as was the case for the Jacques Cartier bridge and the Victoria bridge. Perhaps the federal government might ask the provincial government, the municipal councils of Montreal and the surrounding cities on the south shore to contribute and co-operate in order to help the people in the area of Montreal and of the south shore. That would make it easier for the Canadian people as a whole to go in and out of our city, the metropolis of Canada.

Mr. Speaker, the construction of such a bridge in the near future would also remedy unemployment now obtaining throughout this country and more particularly so in the Montreal area. And certainly, a construction project the cost of which may vary between 40 and 50 million dollars would provide daily work to 3,000 or 4,000 people for the

next two, three or perhaps four years. Besides, we must take into account the labour force that would be engaged in the production of building materials required for such a project, that would reduce the number of unemployed and could provide work for 8,000 to 10,000 people for a period of three or four years in the city of Montreal.

(Text):

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

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

(Translation):

Mr. Bourdages: Mr. Speaker, now that I have had a good dinner, I take pleasure in resuming my remarks concerning paragraph 3 of the resolution introduced by the hon. member for Laurier.

At the outset, this afternoon I congratulated the hon. member for Laurier and then I dealt with the construction of a new bridge in the eastern part of Montreal. Tonight I want to say that I am not speaking in my own behalf only; I am speaking on behalf of all the members from the Montreal area. I want to support them vigourously and encourage them to carry on along the lines of this proposal.

I support the hon. members from the Montreal area who are concerned in the matter. I would like to support my colleague, the hon. member for Mercier (Mr. Gillet), as well as my other colleagues the hon. members for St. Mary (Mr. Valade), St. James (Mr. Campeau) and Longueuil (Mr. Sevigny) who has not the pleasure to make the voice of his electors heard, of the hon. member for Vaudreuil-Soulanges (Mr. Bourbonnais), the hon. member for Chambly-Rouville (Mr. Johnson) as well as the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) whom you will hear in a few moments.

I also want to speak on behalf not only of the Montreal area members but of the people of the city of Montreal and its neighbouring communities, which over the years, have been asking for a new bridge to be built in the east end of Montreal. There have been requests by a great many associations in that city. There have been requests by the Northern Businessmen's Association, which comprises 1,800 businessmen from all over the city of Montreal. We also had requests from the Eastern Businessmen's Association, from the chambers of commerce, and all businessmen's organizations which may exist in our neighbourhood. Therefore, Mr. Speaker, I trust that the government will take note of the comments we made this afternoon and that it will be able, in the not too distant future, to take the necessary steps to have a new bridge built in the east end of Montreal. I am so convinced that the government will grant us that bridge that I am even ready to suggest a name for it. We might call it the Maisonneuve bridge or the Madeleine-de-Verchères bridge. I am sure that all the remarks made this afternoon by the hon. members will be welcomed by the government and that it will undertake an extensive study of that matter and that in the near future we shall get a bridge in the east end of Montreal.

According to statistics, certain manufacturers in the east end of Montreal were able to produce in 1957 goods to the value of more than $740 million. That again shows that a new bridge should be built now.

I said that there were first class roads and bridges in Laval constituency which it is my privilege to represent, and that they were due to the initiative of the present premier of Quebec. In my opinion, and nobody will deny it, the present premier of the province of Quebec is the greatest premier the province ever had.

It might be appropriate to consider the possibility of building a tunnel instead of a bridge. In fact, a tunnel would speed up traffic and would not be subject to our difficult climate. In winter there would be no ice to impede traffic and many accidents due to slippery roads would thus be avoided. The building of a tunnel could be entrusted to private enterprise. A tunnel, for instance, like the one in the vicinity of New York, or in Windsor, Ontario, going to Detroit. Those tunnels are built by private interests and are paying propositions. I am sure that in the Montreal area some contractors would be prepared to build such a tunnel at their own cost and risk, provided the government would guarantee the cost of such a project.

Mr. Adrien Meunier (Papineau): Mr. Speaker, may I add a few remarks to those made by previous speakers on the motion introduced by the hon. member for Laurier (Mr. Chevrier).

As the representative of a Montreal constituency, I am very much interested in this motion because it is of interest to all the people of Montreal.

As you know, Montreal is an island with a southern shore about 30 miles long. To serve the majority of the people in Montreal, there are now two bridges linking the island with the south shore.

In the last 10 years, Montreal has been going through an unprecedented development in the fields of business, industry and housing. The population of Montreal is over a

tenth of Canada's population, and it is a well known fact that a large proportion of the people are bottled up on this island. Considering the number of people living there the outlets these people can use to reach the south shore are inadequate. Traffic is intense, and as Montreal is also a business and industrial city where many people come to do business, the result is that traffic in the city, with its two bridges serving the greater part of the population, raises a real problem.

To illustrate this, I would point out that in 1959, there were 450,000 motor vehicles registered in the city of Montreal, that is for Montreal only, not including the suburbs; if you add to that motor vehicles coming from Pointe aux Trembles and from the north, and the fact that a certain number of outsiders go through Montreal daily, you find that from 600,000 to 700,000 motor vehicles travel daily in the city of Montreal.

Montreal having experienced an enormous industrial and commercial development, the south shore, in turn, has had a spectacular growth these last ten years and more particularly since the beginning of the St. Lawrence seaway project. Many industries, Mr. Speaker, have been established on the south shore and many housing projects have also mushroomed. These people come to Montreal and the bridges they use are no longer adequate.

The southern shore is bound to enjoy considerable development in the next few years, and serious observers, as well as the members of the Gordon commission, foresee an industrial expansion, and at the same time, a considerable increase in population in the next decade.

I have been told that Champlain bridge will improve traffic conditions on Montreal island. Let me merely answer that the bridge will be mainly of service to people in the western part of that island.

If for the past ten years Montreal has enjoyed substantial development, the suburban towns along the St. Lawrence have also gone through a period of considerable expansion in the industrial and housing fields. All people who live in Montreal East, Pointe aux Trembles, Repentigny, and other adjacent municipalities have to cross part of Montreal island when they want to go to the south shore and their travelling through that city adds to traffic congestion and is causing quite a lot of trouble.

If a bridge were built in the eastern part of Montreal island, it would be of great benefit to many Montreal people who want to get to the south shore and eliminate part of the serious traffic problem in downtown Montreal.

Moreover, people who live in eastern Montreal or near Montreal island, have to travel 10 to 15 miles to reach Jacques Cartier bridge, the only one they can use to get to the south shore.

In view of this serious problem, Mr. Speaker, I think that the suggestion made by the hon. member for Laurier is justified, and that the government should devote serious study to the idea of creating a crown corporation which would acquire Jacques Cartier bridge and Champlain bridge on completion, then rent from the Canadian National Railways all practicable approaches to Victoria bridge and operate those bridges for the greater convenience of the public. With the revenue drawn from them, the corporation might build other bridges, to the greater advantage of the people of Montreal and as a stimulant to and a safeguard of its business and industry.

Mr. Speaker, the hon. member for St. James (Mr. Campeau) participating in the debate this afternoon, has expressed his attitude with regard to the resolution now under consideration. He spoke much more about Montreal harbour than about the need for the Montreal population to be linked to the south shore. He subordinated the building of bridges to the organization and efficiency of Montreal harbour. He referred to the views of Mr. Murray Hayes, vice-president of the Montreal executive committee, about the Montreal harbour development.

He also told us, without any supporting evidence, that the hon. member for Laurier had just rediscovered Montreal. I could well reply to him that it is a good thing, once in a while, to discover something and grasp at once all its importance within an overall design.

For his part, the hon. member for St. James did not discover anything but seems rather immersed in the affairs of Montreal harbour, linking harbour development with his own town-planning in Montreal itself.

We know that the hon. member for St. James is getting substantial fees from the city of Montreal for work he has done, according to certain members of the executive committee, when he was employed by the city of Montreal prior to becoming member for St. James.

In his outline, the hon. member for St. James seemed more concerned with his personal interests than with those of the population of Montreal.

He also spoke of the good old days of the Liberal party, as if he envied the policy of the Liberal party toward the city of Montreal. In this connection, I may say to him that if

his government does as much as the Liberal party has done for the city of Montreal and its population, we shall be satisfied.

The hon. member for St. James also referred to contracts granted by the St. Lawrence seaway authority, of which the hon. member for Laurier was chairman, contracts which were higher than originally contemplated. I must tell the hon. member for St. James that his argument is rather flimsy, because all those initial estimates were made by engineers—and he is an engineer himself—and the changes were also requested by engineers. They were changes over which neither the minister nor the chairman of the St. Lawrence seaway authority had any control. It happened that the hon. member for St. James made miscalculations about the city of Montreal, but nobody dared raise any doubt about his ability, nor about that of the hon. member for Laurier, in his capacity as chairman of the St. Lawrence seaway authority.

I wanted to say these things to the hon. member for St. James in order to show him that the population of Montreal is leaning more heavily on the devotion of hon. members who think more of the general interest of the population than their own personal interest.

In closing, Mr. Speaker, I wish to commend the hon. member for Laurier for moving this resolution, and I hope that organizations, public bodies and municipalities will be able to use the ideas put forward during this discussion and will avail themselves of those ideas to urge action upon the government and obtain a more adequate number of bridges to serve the people of Montreal.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, as a representative of the federal constituency of Joliette-L'Assomption-Montcalm, which is located a few miles from Montreal and whose economic life is closely linked to that of the metropolis, I feel it is my duty to humbly state my views before the house.

The hon. member for Laurier (Mr. Chevrier) has developed a more understanding attitude. He is a recent convert to the cause of Montreal, in other words a Montreal neophyte. He excels not only at seaway digging, but is also a good surface operator, when it comes to "Montrealizing". When, for many years he represented Stormont, and at the same time held the office of minister of transport, he ignored the city of Montreal, Canada's largest city. Now that he represents Laurier in the opposition, he turns his back on Cornwall and looks to Montreal.

While he was chairman of the St. Lawrence seaway authority, he was, I might say, responsible for the traffic slow-downs that occurred between Montreal and the south shore and vice versa. The hon. member for Laurier, now in the opposition, wields less influence than the hon. member for Timmins (Mr. Martin).

Mr. Speaker, this afternoon I was listening to the remarks of the hon. member for St. Denis (Mr. Denis). In all fairness, I will point out to him that the government of the province of Quebec has liberally contributed to the construction of bridges and the building of access highways to the metropolis, as far as its responsibility goes.

The federal government is surely in a better financial position than the provincial government and the Canadian metropolis, because it is getting the lion's share of taxes paid by the people of Montreal and of the province of Quebec.

Mr. Speaker, the hon. member for St. Denis—

Mr. Boulanger: Go tell that to Mr. Duplessis!

Mr. Pigeon: Mr. Speaker, the hon. member for St. Denis (Mr. Denis) is doing a disservice to his electors in Montreal. When his government was in power, the hon. member for St. Denis remained riveted to his seat in the House of Commons, instead of rising in his place to ask the then minister of transport—that is the hon. member for Laurier (Mr. Chevrier)—for another bridge for the eastern part of the metropolis. Mr. Speaker, the government of the province of Quebec is financially poorer than the federal government. In its own field and jurisdiction, the provincial government did certainly contribute to the economic development of Montreal. The then federal Liberal government was in power for twenty-five years. It ignored the city of Montreal. It refused to give it other bridges. It is Sir Wilfrid Laurier who said that the 20th century would be that of Canada, and I add that of the metropolis of Canada.

Mr. Speaker, I am sure that the right hon. Prime Minister of Canada (Mr. Diefenbaker) in co-operation with the hon. Minister of Transport (Mr. Hees) will certainly say that Sir Wilfrid Laurier was right and that he will make the 20th century the century of Montreal, the century of the province of Quebec and surely of the whole of Canada.

Mr. Speaker, as metropolis of Canada and as the economic centre of the country, Montreal should have had bridges at least fifteen years ago. Surely, he who was then hon. minister of transport and is now hon. member for Laurier, has failed in this regard. He did not really study the economic

problems of the Montreal area. To expand, to grow, to develop, the Montreal area needs many bridges and, unfortunately, the former government did not realize its responsibilities and neglected Montreal. Today, we may say that, if Montreal and its region have suffered, it was certainly due to the indifference of the former government. There is no doubt that the city of Montreal is in need of bridges to the south shore. Facilitating access to the metropolis means economic, industrial and financial progress for the whole of Canada. Montreal is the economic heart of the province of Quebec and even of the country. By getting access roads, the city would expand its economy and give to the neighbouring area and to this country a corresponding economic activity.

I congratulate the present government for its decision to build Champlain bridge, a name which is a symbol of progress and gives prominence to one of our national heroes.

It is all very well to multiply roads and highways on the island, and to improve them, the important thing is to give Montreal other bridges to connect the metropolis with the south shore. The city of Montreal has been served for the last 25 years by exactly the same ways of outside communication. No significant improvement has been brought to Montreal for a quarter of a century.

Yet the population of Montreal island and of the neighbouring islands has increased. Industrial plants have doubled and even tripled on the island. Cars have multiplied at such a rate that Montreal people are imprisoned on their island. Yet communication facilities have remained unchanged.

Apart from the need for industrial development on the south shore, or rather in view of such development, present traffic requirements already exceed existing facilities, so that even with a new bridge, the facilities will still be overloaded. We recall the battles that were fought to avoid traffic interruption during the construction of the St. Lawrence seaway. An additional lane was obtained for the Jacques Cartier bridge. Instead of three lanes inadequate for a traffic load of between 100,000 to 115,000 cars per weekend in 1954, there are now four lanes accommodating 130,000 to 150,000 cars in 1958. There has therefore been no gain, no improvement in the traffic problem on the east side.

Not only is there no improvement in the west, at Mercier bridge, but traffic is increasingly congested. The south section of the bridge was raised some 120 feet and this opportunity was seized for building four lanes and new approaches; but the bridge itself was left with two lanes. Yet traffic rose from 60,000 to 67,000 per week-end in 1954, to 78,000 and even 85,000 per week-end in 1958.

Mr. Speaker, in 1954, thousands and thousands of cars crossed the bridge each week-end, with bottlenecks causing two to three hours' delay. After another lane was added on the east side in 1958, between 78,000 and 80,000 cars travelled that way on the week-end, and tie-ups were almost as serious as in 1954. Now, since that year, the relevant authorities have forcefully maintained that they doubled the capacity of the bridge. The figures I just quoted clearly indicate that, even if new approaches were built for the existing bridge, nothing was gained, because twice as many cars are now using them.

On January 28, 1955, it was reported in the Montreal daily press, that the St. Lawrence seaway and the Canadian National Railways would spend $6 million dollars for approaches to Victoria bridge for the highway as well as for the railway traffic. At that time, a lift-bridge was being planned for both kinds of traffic. On March 13th, 1956, Canadian National Railway officials announced their decision to build a junction in the residential district of St. Lambert. That junction would have used the second lift-bridge which the St. Lawrence seaway authority had planned to build at the head of the St. Lambert locks in order to ensure uninterrupted traffic, and which would meet Victoria bridge at the 17th span.

There was quite a turmoil among south shore municipalities and in the city of Montreal. In spite of every objection those pillars were erected.

In November 1958, newspapers announced the final works to the superstructure of that branch line, that is the building of an overpass for highway traffic, at the junction of the branch line and of the main line on Victoria bridge, as well as the closing for a period of 8 to 10 weeks in 1959 and for a longer period in 1960, of one of the two present traffic lanes on Victoria bridge. The two-hour traffic jams of 1954 may very well be doubled, according to the increase in the number of cars.

Mr. Speaker, may I join with the other members for the Montreal area in paying tribute to the hon. member for Longueuil (Mr. Sevigny) who often met with his distinguished colleagues of the Montreal area in making certain representations, in expressing their opinions about the traffic jams that will result from the closing of one of the two traffic lanes on the Victoria bridge. I know that, in this regard, he has met, in the company of other Conservative members, with the responsible authorities.

The hon. member for Longueuil even engaged an engineer to draw a plan designed to improve the approaches to Victoria bridge in order the ensure a continuous flow of traffic.

Mr. Speaker, allow me to pay public tribute in this house to the hon. member for Longueuil and the representatives from Montreal who have made and are still making the necessary representations to the authorities of the Department of Transport and who are trying to solve this problem. Why? Because, Mr. Speaker, for a quarter of a century, there has been no member to make the voice of the metropolis of Canada heard in this house.

Hon. members of the Montreal area are working for their fellow citizens and are helping find a solution to the problems of the metropolis of Canada. The metropolis, or Montreal, is the economic focus of the country's future.

If, in the future it is at all possible for the government to solve that problem, the population of Montreal and vicinity, the people of the province of Quebec will commend the hon. member for Longueuil and his colleagues of the Montreal area. The hon. member for Longueuil will have played his own part, along with the government, to make the twentieth century the century of Canada, as Sir Wilfrid Laurier so rightly said.

Mr. Speaker, why was construction of the Champlain bridge delayed? I should like at this point to commend the hon. Minister of Transport (Mr. Hees) and the government authorities for giving this bridge the name of Champlain, as a tribute to one of our great national figures. Mr. Speaker, it was only after repeated requests on the part of the municipal authorities, and repeated demands from newspapers, service clubs, chambers of commerce and the board of trade, that the people of greater Montreal learned from big headlines in the July 18 and July 20, 1955 editions of Montreal papers, that the Department of Transport at Ottawa had agreed in principle to a plan for improving communication facilities between Montreal and the south shore.

Four months later, on November 17, 1955, press reports announced the construction, by the national harbours board, of an elevated bridge, known today as the Champlain bridge, at a cost of approximately $25 million. The bridge was to be completed at the end of 1958. Here is a bridge that was to be started, as had been announced, in 1955, and was to be from eight to nine years abuilding. Above the southern channel, between Cornwall island and the United States, it took two years to build an elevated suspended bridge. The bridge had to be completed before ships could use the canal in the fall of 1958, and the means were taken to complete the work in due time. In Montreal there was no reason to hurry, no ships to let through, there was only the matter of satisfying the vital needs of the people.

Here in this house, I wish to commend and express personal thanks to the Minister of Transport who, in co-operation with the government, helped speed up construction of the Champlain bridge, a magnificent structure which will materialize in the near future.

Mr. Speaker, nobody will deny that Montreal needs all these present bridges and even additional bridges. Was it not the St. Lawrence seaway authority, directed by its former president, now member for Laurier, who ordered the deepening of the St. Lawrence and the way it is being carried out, so as to provide not only advantages but many temporary or permanent inconveniences for the Montreal area?

If the former government in Ottawa had sooner taken a decision about Champlain bridge, that bridge would probably be completed now and the planned traffic restrictions on Victoria bridge, because of the St. Lawrence seaway would become much less disturbing.

Mr. Speaker, I strongly urge the government to study the possibility of building another bridge in eastern Montreal. At this point I want to congratulate the hon. member for Longueuil. I want to congratulate him once again. I would not want to strain his humility, but the hon. member for Longueuil, with his colleagues of the Montreal area, has already made and continues to make many representations, that is, all necessary representations to the responsible authorities in view of getting another bridge for the eastern part of the metropolis. There is a possibility that this project may become a reality in a not too distant future. Credit will go to the hon. member for Longueuil and to his distinguished colleagues of the Montreal area.

Mr. Speaker, the city of Montreal must have other bridges for its development and in order that the area may grow and prosper. It is important for the Montreal area to have other bridges for civil defence purposes. What would happen if, by accident, we should have a war, or if a bomb or an atomic missile should fall on Montreal? We would need roads to evacuate the metropolis.

I believe, Mr. Speaker, that another bridge in the eastern part of the city is essential to the economic growth and to the civil defence of Montreal.

Mr. Boulanger: Then, call for a vote.

Proposed Montreal Bridge Authority

Mr. Pigeon: Mr. Speaker, the new bridge in eastern Montreal could be built for example, at the end of the island, at Pointe aux Trembles. Use could be made of Sainte Therese Island, in the St. Lawrence river. The cost of building this bridge would be lessened and would allow a housing development on Sainte Therese island. Residents of eastern Montreal and of the most beautiful riding in this country, the federal riding of Joliette-L'Assomption-Montcalm, as well as the neighbouring constituencies, would thus be able to use the bridge to travel to the south shore.

Mr. Speaker, may I make a suggestion? As we are celebrating this year the second centenary of the battle of the Plains of Abraham I would favour giving the bridge the name of the *Marquis of Montcalm.* I know that other hon. members would like to see it named after Maisonneuve, because they did not succeed with a certain hotel in Montreal. We have now in that city the park Maisonneuve, the district of Maisonneuve and we also have the Maisonneuve market.

Mr. Speaker: Order. I think the hon. member is departing somewhat from the resolution when he deals with the naming of bridges and hotels, etc.

Mr. Pigeon: Mr. Speaker—

Mr. Denis: He is all mixed up!

Mr. Pigeon: —in the resolution, the hon. member referred to new bridges, new bridge building projects for Montreal island. Perhaps I have somewhat strayed from the subject matter, but, in any case, I did so quite intentionally, so that if some day a bridge is built in eastern Montreal, it might be designated by that name.

Mr. Speaker, later on the government could also build another bridge in St. Sulpice in the constituency of L'Assomption, because there is looming there an extraordinary residential development in the town of Repentigny. There is also a similar development in St. Sulpice, and Montreal will probably extend up to Berthier, some day.

Mr. Speaker, I urge the government to keep on studying the problem of the metropolis of Canada. I know that the Minister of Transport, in co-operation with the government, would like, more than ever, to find a solution to the problem of the metropolis of Canada and of the Montreal area.

The solution of the problem will certainly not take 25 years. The Minister of Transport, in co-operation with the hon. member for Longueuil and his distinguished colleagues are now considering the project so that the city of Montreal may remain the metropolis of Canada and continue to co-operate and work for its economic, industrial and national welfare.

(Text):

Mr. John B. Hamilton (York West): Mr. Speaker, I think even a Toronto member would be justified in saying that the hon. members from Montreal today have had a field day. One of the things which has concerned us, Mr. Speaker, and which I think was the subject of a point raised today by the hon. member for Port Arthur (Mr. Fisher), is the limited time which we have for debate on private members' day. Regardless of your ruling, sir, in connection with the observations made today by that hon. member, at the most we only have three more private members' days. I am aware that there are many other subjects which should be debated. There are many other members with resolutions on the order paper, and I think it is only fair that we should give them some opportunity to be reached.

Therefore, sir, I move:

That the debate on the proposed resolution of the hon. member for Laurier (Mr. Chevrier) standing in the order paper as No. 3 under notices of motion and the proposed amendment thereto of the hon. member for Burnaby-Coquitlam (Mr. Regier) be now adjourned.

Mr. Chevrier: Mr. Speaker, I rise on a point of order before you put the motion. The hon. member for Shefford (Mr. Boivin) did rise to take part in this debate a moment ago, but you saw the hon. member for York West (Mr. Hamilton) following the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon). With all due respect to Your Honour's decision, I thought perhaps that was irregular.

Some hon. Members: Order.

Mr. Chevrier: I said I thought, with all due respect to Your Honour's decision, it was irregular. I do not see anything the matter with that language. I hope I am not abusing my privileges, but what I was going to say was that I had expected I would be able to speak on the amendment of the hon. member for Burnaby-Coquitlam (Mr. Regier), and I hope I will not be prevented from doing so by this motion.

Mr. Speaker: I am sorry but I did not see the hon. member on my left or I would have recognized him because, as the hon. member for Laurier (Mr. Chevrier) has said, when there is a debate the custom which has been followed is to call hon. members from alternate sides. The hon. member is quite right when he says that in recognizing the hon. member for York West (Mr. Hamilton) I recognized a second member from the same side. That was unintentional on my part.

However, the motion before us having been made, it is my duty to put it to the house.

Mr. Chevrier: May I be allowed to make one observation?

Some hon. Members: No.

Mr. Chevrier: The Speaker has taken his seat which indicates he is ready to hear me.

Mr. Speaker: Unless the hon. member for York West is willing to let his motion stand until the hon. member has spoken, I have no choice but to put the motion.

Some hon. Members: A new form of closure.

Mr. Hamilton (York West): If we continue this debate, even with one other speaker, we will lose the opportunity to have any debate at all on the next resolution.

The house divided on the motion (Mr. Hamilton, York West) which was agreed to on the following division:

YEAS

Messrs.

Allard
Allmark
Asselin
Balcer
Baldwin
Baskin
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Campbell (Lambton-Kent)
Cathers
Chambers
Charlton
Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Crouse
Danforth
Deschambault
Dinsdale
Dorion
Drysdale
Dubois
English
Fairfield
Fane
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fortin
Fraser
Frechette
Gillet
Grafftey
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Howe
Jones
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Lafreniere
Lahaye
Lambert
Latour
Lennard
Macdonald (Kings)
MacEwan
MacInnis
MacLean (Queens)
Macquarrie
MacRae
McBain
Bourbonnais
Bourdages
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
McDonald (Hamilton South)
McFarlane
McGrath
McGregor
McIntosh
McLennan
McPhillips
Mandziuk
Martineau
Matthews
Milligan
Monteith (Perth)
Montgomery
More
Morissette
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nesbitt
Nielsen
Nowlan
O'Hurley
Ormiston
Pallett
Parizeau
Pascoe
Payne
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Richard (Kamouraska)
Rogers
Rompre
Simpson
Skoreyko
Slogan
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Lincoln)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stewart
Tassé
Thomas
Thompson
Valade
Villeneuve
Walker
Webster
Weichel
White
Woolliams
Wratten—144.

NAYS

Messrs.

Argue
Badanai
Batten
Boivin
Boulanger
Bourget
Bourque
Caron
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Eudes
Fisher
Garland

[Mr. Hamilton (York West).]

Godin
Gour
Granger
Habel
Hardie
Leduc
Martin (Timmins)
Meunier
Michaud
Mitchell
Peters
Ratelle
Regier
Richard (Ottawa East)
Tucker
Winch—32.

NORTHERN ALBERTA RAILWAYS

SUGGESTED EXAMINATION INTO OWNERSHIP AND OPERATION

Mr. G. W. Baldwin (Peace River) moved:

That, in the opinion of this house, the government should consider the advisability of examining the system of ownership and operation of the Northern Alberta Railways, and the question of such ownership, operation and related matters be referred to the standing committee on railways, canals and telegraph lines.

He said: Mr. Speaker, I think it might be best to give a short history of the facts which lie behind this particular resolution on the grounds stated many years ago by Abraham Lincoln that we first should decide where we are and whither we are going so that we best know what to do and how to do it.

The Northern Alberta Railways is a system lying, as its name would imply, in the northern part of the province of Alberta. The

purpose for which it was originally designed and constructed was to aid the settlement and development of that particular area of Canada. It was originally commenced by private enterprise. During the course of construction many difficulties beset the contractors and the people engaged in this project. The result was that the provincial government of Alberta was compelled to take over first the construction and then, after the construction was completed, the operation of this railway. It was operated by the government of Alberta for a great many years until 1929. In 1929 the people of the Peace river and the government of the province of Alberta felt that this was a railway system that might better be taken over and developed by some corporation which was more adequately equipped to handle the type of service which was required. Consequently, negotiations were commenced between the provincial government and the two railway systems.

Some controversy arose as to what would actually develop from the point of view of who would operate the railway. The people of the Peace river country felt that their interests would be better served by the public ownership of the Canadian National Railways system. On the other hand, the Canadian Pacific railway was interested in developing the service at that time and it made certain offers to the provincial government, which were not accepted. Eventually, as a result of the discussions and the arguments, one of those compromises was arrived at, which seems to happen in connection with most great problems confronting governments. As a result of that compromise what I would call a monstrosity was created, a factual and legal monstrosity, consisting of joint ownership between the privately owned system of the Canadian Pacific railway and the publicly owned system of the Canadian National Railways.

In view of the controversy which has arisen as to the development of the northern part of Canada by railway line construction, I think it is interesting to note here that at that particular time the Canadian Pacific railway was very keen to acquire the system in question. It made substantial offers to the provincial government, and the reasons which it gave, the reasons which were assigned for its view, were that the agricultural production of the Peace river country was just starting to come into its own and it felt that this was a proper condition for its particular railway system. In any event the situation developed to the point where in 1929 a statute was enacted by the government of Canada under the name of the Northern Alberta Railways Act. This statute provided inter alia for the taking over of the lines then owned by the government of Alberta by those two railway systems, namely the Canadian National and the Canadian Pacific, on a joint basis, each having an equal share in the undertaking and each presumably paying one half of the purchase price.

I am not going into all the details of that original enactment, but it is interesting to note that the purchase price was established by agreement and is appended as schedule A to the act, which is chapter 48 of the statutes of Canada, 1929. Schedule A provided, amongst other things, that the purchase price to be paid to the province of Alberta be the sum of $15,580,000. In addition, the two systems would take over certain undertakings and obligations consisting of approximately $16 million. That appears to be the total of the purchase price.

The system in question has been operating since 1929 to the present day. I would like to give the house some of the details of the physical assets which constitute this system of railways. There are about 1,000 miles of rail line which are manned and operated by about 1,400 employees. Edmonton is the commencing point of the railway. It runs due north to a place called McLennan where it separates, the northern half then travelling north across the Peace river to one terminal at Hines Creek, which is about 80 miles from the British Columbia border. The other section travels from McLennan to Grande Prairie and then on to Dawson Creek. In addition to this particular line, which is the main line, there is another railway line which travels from Edmonton to Fort McMurray, where it makes connection on the Athabaska river with the navigation system which for many years has been operating to the Northwest Territories. There is also a third line which runs to the town of Barrhead. I think that constitutes in the main the complete system of this railway line.

Under the management system—and here, Mr. Speaker, I go largely on hearsay and as I understand the situation—the custom has been, first, for the Canadian National Railways to appoint a general manager for a period of five years, and thereafter the Canadian Pacific railway to appoint a general manager for five years, and so on. I understand this practice was commenced at the time the N.A.R. was organized and has been continued until the present date.

The people of the Peace river country feel that as a result the operations of this railway system have not been for the benefit of the people. We feel that here is a situation in

which these two great competing railway systems each owns a half share and each has a veto power in connection with the control and operation of the smaller system. We have inevitably felt that such a system has not been to our advantage. When some situation arises which would require something to be done by the railway management, then we have been of the opinion that the solution of this problem would be one which would be for the benefit of the large railway companies and not for the benefit of the people.

This has been the premise upon which I have based this resolution. I have been interested for some time in making inquiries as to the financial operations of this railroad. I have compiled here some statistics furnished by the dominion bureau of statistics on the financial position of this Northern Alberta Railways system during the years 1940 to 1956, inclusive. I would ask leave to have this printed in *Hansard* rather than read it to the house tonight because it is rather lengthy.

Mr. Speaker: Has the hon. member leave to have this printed in *Hansard*?

Some hon. Members: Agreed.

Mr. Baldwin: The table follows:

SELECTED FINANCIAL STATISTICS, NORTHERN ALBERTA RAILWAYS COMPANY 1940-1956

Year	Rail (1) Operating Revenues	Rail (1) Operating Expenses	Net (1) Rail Operating Revenues	Tax Accruals	Net Operating Income (Loss)	Net Income from Outside Operations	Total Operating Income	Total Non-Operating Income	Gross Corporate Income	Total Non-Operating Expenses	Net Corporate Income (Loss)
						dollars					
1940...	2,517,430	1,737,422	780,008	84,578	695,430	295	695,725	951,269	1,646,994	1,612,618	34,376
1941...	3,000,730	2,087,993	912,737	94,967	817,770	403	818,173	837,756	1,655,929	1,654,421	1,508
1942...	6,773,445	3,420,658	3,352,787	49,084	3,303,703	541	3,304,244	158,151	3,462,395	3,479,540	(17,145)
1943...	11,177,033	6,258,964	4,918,069	56,777	4,861,292	958	4,862,250	250,947	5,113,197	5,116,245	(3,048)
1944...	7,323,676	5,249,851	2,073,825	65,837	2,007,988	1,406	2,009,394	563,339	2,572,733	2,309,639	263,094
1945...	5,337,712	4,116,862	1,220,850	68,752	1,152,098	1,895	1,153,993	941,661	2,095,654	2,097,556	(1,902)
1946...	5,340,411	4,228,444	1,111,967	613,366(2)	498,601	(3)	—	1,051,568	1,550,169	1,576,670	26,501)
1947...	5,937,742	4,876,958	1,060,784	838,828(2)	221,956	(3)	—	1,343,185	1,565,141	1,578,152	(13,011)
1948...	7,036,633	6,284,883	751,750	1,120,675(2)	(368,925)	(3)	—	370,847	1,922	1,601	321
1949...	7,141,760	6,507,938	633,822	1,109,457(2)	(475,635)	(3)	—	460,189	(15,446)	—	(15,446)
1950...	7,378,469	6,231,047	1,147,422	1,217,841(2)	(70,419)	(3)	—	58,769	(11,650)	150	(11,800)
1951...	7,972,389	6,698,223	1,274,166	1,183,317(2)	90,849	(3)	—	41,185	132,034	137,934	(5,900)
1952...	9,580,949	7,771,100	1,809,849	1,526,186(2)	283,663	(3)	—	35,494	319,157	331,337	(12,180)
1953...	9,108,989	8,064,382	1,044,607	1,532,561(2)	(487,954)	(3)	—	479,144	(8,810)	—	(8,810)
1954...	9,022,525	8,232,562	789,963	1,720,652(2)	(930,689)	(3)	—	920,426	(10,263)	1,172	(11,435)
1955...	10,857,988	8,048,268	2,809,720	1,632,750(2)	1,176,970	(3)	—	38,086	1,215,056	1,216,877	(1,821)
1956...	12,422,216	9,285,619	3,136,597	1,982,476(2)	1,154,121	(3)	—	28,460	1,182,581	1,191,179	(8,598)

(1) Includes railway, express and commercial communications operations.
(2) Includes rents and taxes.
(3) Included with, "total non-operating income".

The reason I have asked that that be considered is this: these years from 1940 to 1956, inclusive, include some excellent operating years during the war as well as some other excellent years the railway has experienced since that time. This statistical data provides a fair indication of the costs of operating this railway line and shows that it has made money. I feel this is quite important at this particular stage because I have heard the opinion expressed in certain quarters that at this stage in our development railway lines should be constructed and utilized purely for the benefit of our resources which are found in the north country. I, for one, take violent exception to that particular statement. This statement is founded, in part on the fact that these railway lines are not capable of operating at a reasonable profit. The statistical data which I have filed—I am not going to go into detail on it—has this peculiarity about it. There is an operating profit shown during this period from 1940 to 1956. The statement also indicates that in every year in question corporate income is shown as a profit.

Side by side with that is a statement referred to as a non-operating expense item. I am not a financial man, and there may be some particular reason behind this, but I have noticed that peculiarly enough that statement shows the expense item almost equalling the net corporate income. The result has been that during this period of some 16 years the financial position of the railway system has been such that it operated at a net profit of $65,000. We feel that if the financial operations of this railway system were exposed to the scrutiny and examination of the standing committee on railways, canals and telegraph lines, as I have indicated in this resolution, it would serve a very useful purpose. This is one of the main reasons for putting this resolution on the order paper, and why I am glad to have the opportunity of discussing it tonight.

However, that is not the only reason. There is an even more compelling factor at this time at which I think we should take a close look in connection with the operations of this railway system. Recently the Pacific Great Eastern railroad was completed into Dawson Creek on the one side of the Peace river and into the city of Fort St. John on the other side. I have already mentioned the fact that Dawson Creek is also one of the termini of the Northern Alberta railway system. I have made some inquiries as to what changes or developments there have been with relation to the freight tariff since this line from Vancouver has been completed into the Peace river country. I was not able to get all the facts that I would have liked, but I did find that, with respect to carloads of cattle shipped from the Alberta side of Peace river to Vancouver the rate had been lowered from approximately $2.26 per hundredweight to $1.45. If one translates the saving represented into terms of a carload of cattle it comes to a total of $160.

I do not know concisely the numbers of carloads cattle and hogs shipped out of the Peace river country, but I believe it would be in the neighbourhood of 3,000 or 3,500. Not all of these would necessarily be consigned to the Pacific coast, although from information I have I am quite certain the Pacific coast could take a lot more of our livestock and livestock products. Certainly, however, this change in the freight tariff would mean savings to the people of the Peace river country of from a quarter of a million to half a million dollars a year.

When I look back I find that the people of our country first advocated the construction of this railway line to the coast in 1929. As a matter of fact, the Northern Alberta Railway Company statute from which I quoted contains a permissive clause to the effect that the new firm was to be allowed to construct two major branch lines, one to the Pacific coast and the second one from a point near Grimshaw, northern Alberta, to the northern boundary of the province of Alberta in a line which would lead directly to the south shore of Great Slave lake.

Let us take the first of these alternatives, the railway line to the Pacific coast. I think I am not overestimating the results when I say that if that railway line had, in fact, been constructed in 1929 or 1930 we would have had between a quarter of a million and a half million people in that area today. I have given figures which indicate the savings which would have resulted on one carload of cattle, for example. The same situation would apply with regard to goods being shipped from Vancouver into the Peace river country. I am not suggesting here that the result of the construction of that line 30 years ago would have been that the trade of the Peace river country would have been diverted, if I could use that word, to Vancouver, but the resultant decrease in the cost of goods coming in and the increased price of our production being shipped out would have served as a yardstick which, I am quite confident, would have had a beneficial effect on the standards of living of the people in our area.

As a matter of fact we hear now—and there has been in the past—quite a good deal of controversy with regard to this question of building a railway line into the Northwest Territories. It has been suggested that there has been some conflict between the city of

Edmonton and the city of Vancouver as to which way the line should be built. I do not think there is any conflict at all. I think both points of view can be well and easily reconciled. The natural alliances—the economic, social, administrative and judicial alliances—of the people of the Peace river country on the Alberta side lie substantially with the remainder of Alberta.

The sole result of the increase in the productivity of the people of our country, and what I hope will be the increase in the wealth of the Peace river country would naturally inure to the benefit of Edmonton. It is true enough—and I think properly so—that there would be some additional trade with the Pacific coast. After all, I think the distance from Dawson Creek to Vancouver is only about 700 miles. That is the nearest seaport. That is one of the logical places to which our trade should naturally flow. But I am satisfied that it would not be done at the expense of our trade with Alberta. I say this—and I have said it before—because I think it is a point which must be borne in mind when we come, as we must sometime in the future, to resolve the controversy which at present exists.

May I now say something about the economy of the country which would be served by these railroads. The railroads have suggested that they are not interested in agricultural development any more. That may not have been said publicly but I think it is an inference to be taken from their statements from time to time. I suggest, Mr. Speaker, that ours is not a type of agricultural economy which would in any way be a detriment to the railroads. It is a diversified economy in every way. It happened, of course, that some 20 or 25 years ago the Peace river country took, with a regularity which was almost monotonous, the wheat crown of the world as well as that for oats and some of the other cereal grains which were put up for competition. That was achieved, of course, in the person of Mr. Herman Trelle and others who lived in his vicinity. But the people of the Peace river country had to learn from hard and bitter experience that they must adapt their economy to the economic situation of the day. There has been a large transfer of the activities of the farmers from grain to more diversified farming. I am not going to go into the figures but I have seen that transfer with my own eyes. I have seen it develop in the last five years to ten years. I am confident that a line of railway which serves the Peace river country is inevitably bound to benefit as a result.

Before I go on with my next point, I should like to say this, and I think I am justified in saying it. The failure on the part of the railway companies and of past governments to give effect to the proper natural aspirations, hopes and wishes of the people of my country, through the medium of the construction of these two lines of railroad is, in my opinion, a damning indictment against them. In my area I have seen many small towns and villages in which young people have lost hope and confidence up until recently because the railroads and past governments were not prepared to do anything for our country in the form of transportation development. I think it is a sad commentary on the way in which we have managed our affairs in the past, that in our study of development of the country, we have appeared to turn our backs on the frontier.

Now I should like to put on the record some statements made in a periodical called the *International Journal* which I hold in my hand, the issue for the winter of 1958-59. There is an article there by Michael Marsden who is described as being the acting director of the Montreal office of the artists institute of North America. The article is to be found at page 33. It is a very interesting article. Mr. Marsden makes some very intriguing comparisons between northern development in Russia and northern development in Canada. For example, he explains that in the Soviet union there are two large cities, one of 400,000 people and one of almost 100,000 people, lying far to the north of our present limits of populated areas. He refers to the fact that there are three railway lines which go through the settled areas of southern Russia to the river transportation systems and which serve these particular cities. He gives some other statistics as to the development which has taken place. He rationalizes and explains why this situation exists there. I think it is a valid explanation.

He explains, for example, that northern Russia was settled for many years by political exiles. He goes on to say in addition that since the revolution in 1917 the development of their north has been under a system of state domination which, of course, we will have nothing to do with. Finally he explains the statistics in a geographical and climatic way. Actually the parallels of north latitude which are supposed to limit what is north and what is south, do not necessarily have the same climatic conditions in Russia as they do in Canada; and in large parts of the Russian north the tree line or the vegetation line are to be observed farther to the north than they are in Canada. I think that is a reasonable explanation for the fact that we have not progressed as far and as fast as they have but to some extent I feel that the explanation

does not necessarily hold good with regard to the Peace river area which extends into the Great Slave lake district and up through the Mackenzie area to the Arctic. There the tree line and the vegetation line stretch some considerable distance to the north. It has been established that plants and cereals can be grown far north of where it was ever contemplated would be the case many years ago.

So far as development and exploration is concerned, Alexander Mackenzie came down from Great Slave lake and down the Peace river in the eighteenth century. He came down from a post which had already been well established. I cannot help thinking, as I said before, that there is no proper or valid excuse for the failure to develop the north as we know it in northwestern Canada. For that reason we in the Peace river area are most concerned about the plans for the future railroad development into the Northwest Territories. We think—and this, Mr. Speaker, is one of the premises for this resolution—that there should be a searching and close scrutiny of the management and of the objectives and of the policy of this railway system.

There is probably one more reason why I think I am entitled to make these observations with regard to this railroad development. I have been here for some time. I have sat here and I have observed a great many of the problems with which this country is afflicted that have been brought here and left with the government for solution. Each of the problems has a variety of causes, but one cause may be common to many of the problems, and that is our situation in a tremendously large country with a small population concentrated in one small area with a thin settlement along the southern border. In the result the pattern of development and industrial expansion has been, I think, over-emphasized in this one area. We find that the products which come from far afield must be brought into the settled areas, developed, processed, and then sent back. I think the corollary to that is that as our resources are scattered you have to go further and further afield to find, develop and bring into the more central regions these natural resources, and we are going to have greater problems of transportation and are going to compound the difficulties which presently exist.

This is a many-sided problem and I do not suggest there is any one simple solution to it. It is a problem with many facets and will, I think, yield only to a variety of solutions. But I do feel that one of these solutions could well be the settlement of those areas of Canada which are susceptible to being settled, where there can be agricultural development and development in an industrial sense. I think in the future, when through immigration and natural increases in population we can look forward to a further 10 million or 15 million in this country, we will somehow have failed in our duty if we have not taken it upon ourselves to ensure that the people who are required will be settled in these far-flung areas. I listened, sir, with interest the other day, in the debate following the introduction by the hon. Minister of Citizenship and Immigration (Mrs. Fairclough) of her estimates, to the very eloquent exposition by the hon. member for Okanagan-Revelstoke (Mr. Fleming) on the desirability of allowing into this country great numbers of unfortunate people from other lands. As I listened to him and the other excellent contribution from both sides of the house, I thought of the inscription which appears on the statue of liberty:

> Give me your tired, your poor,
> Your huddled masses yearning to breathe free,
> The wretched refuse of your teeming shore,
> Send these, the homeless, tempest-tossed, to me:
> I lift my lamp beside the golden door.

I think to some extent the United States, in its function as a refuge for these people, is possibly *functus officio;* it has largely completed its mission. The torch has probably been handed to us, and I submit that unless we take a new look at our system of railway development and construction in the light of our natural duty, we will have failed in that duty.

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, ordinarily this motion would not have reached us for another three to four weeks; but since the government put closure on us this evening, I have to go on with this motion without any preparation I wonder if this resolution really will do what I am sure the hon. member for Peace River (Mr. Baldwin) wants it to do? I know he is very sincere in his efforts to have a railway built from Grimshaw to the south shore of Great Slave lake, but I somehow feel after reading the resolution that possibly this government can use it as another red herring in the way they have used other incidents.

I am wondering if the government will not use this as another red herring to stall the building of this railroad. In the election of 1958 I can remember the present Prime Minister (Mr. Diefenbaker), the present Minister of Northern Affairs and National Resources (Mr. Hamilton), and practically every minister who is sitting on the front benches today, running across this country from east to west and from north to south promising a railroad to the south shore of Great Slave lake. Then shortly after the election we opened our session here and in the speech from the throne the government

put into the mouth of the governor general words indicating that last year a bill would be introduced into this house in order to accelerate the start to the building of this railroad. But what did we see happen? They withdrew the bill before the end of the session last year and the reason was this. The Minister of Northern Affairs and National Resources gave as a reason all over the west, as did the former parliamentary assistant to the Minister of National Defence (Mr. Pearkes)—I am wondering at this time whether he will get his job back—that the people of the Peace River country and of Alberta were told that unless they got together the government will not build the railroad. Imagine ministers who went the length and breadth of this country promising this railroad being elected to a government with 208 members, and now they are going to wait for the people in Waterways and Grimshaw to get together before they build them a railroad. That is about like asking Khrushchev to accept democratic philosophy or the western world to accept his philosophy. The people in Waterways want the railroad through Waterways. Naturally the people in Grimshaw want the railroad to be built from Grimshaw.

An hon. Member: Which way do you want it?

Mr. Hardie: Any way at all as long as it gets to the Northwest Territories. In any event, this government with 208 members sit here in this house and tell us that until the people of northern Alberta get together they cannot build the railroad. I said a moment ago that the Minister of Northern Affairs and National Resources told the people of Alberta the same thing as the former parliamentary assistant to the minister of defence. This is just an excuse, and I am wondering if the government will use this resolution as another red herring to stall off the starting of this railroad. I have asked time and time again in this house for the past 18 months for the tabling of correspondence between this government, the railway companies and the Consolidated Mining and Smelting Company. The other day the Minister of Transport (Mr. Hees) for about the twelfth time said he could not table these documents because discussions and negotiations were still going on. Before March 31, 1958 this government had the nerve to promise the people of the north a railway, but they have not the fortitude to make that decision now. A large number of Tory members were elected in northern Alberta and I am sure the people are wondering why they gave their support to this government, this government of no action which is fumbling from one excuse to another.

Mr. Bigg: Sit down and we will tell you why.

Mr. Hardie: Who is that, the hon. member for Athabasca?

Mr. Bigg: That's me.

Mr. Hardie: There is another man who went all over his riding promising the same thing, and he is going to tell me why they cannot build a railroad. Better go and ask your front benchers, my boy. You do not know half as much about that railway as I do.

An hon. Member: You do not know where you want it to go.

Mr. Hardie: Now someone says I do not know where I want it to go. You had better come from behind the curtain, my boy. To the south shore of Great Slave lake, to the greatest lead and zinc deposit in north America and possibly in the world. The minister of northern affairs himself said it is the greatest in the world, and went around the country saying it should be opened up. I had to agree with him. But now what does he say? He says: it does not matter about this great ore deposit; it does not matter how much delay it causes. No, we have to wait now until the hon. member for Athabasca (Mr. Bigg) and the hon. member for Peace River (Mr. Baldwin) get together and decide which route the railway shall take. They are applauding. That is all right. If we wait for those two to get together we will never see a railway built. We will never see a railway built north of Waterways or north of the Peace river.

An hon. Member: Lost your place?

Mr. Hardie: Mr. Speaker, some of those jackals who are yapping in the background —one was the hon. member from Saskatoon (Mr. Jones)—

Mr. Jones: On a point of order, I think that in this House of Commons we should observe the rules of procedure. This is a place of dignity—

Some hon. Members: Oh.

Mr. Jones: —and hon. members should not be referred to as "my boy" and so on. The procedure is to call them hon. members, and I think that rule should be observed by the hon. member who has just taken his seat.

Mr. Chevrier: I would like to rise on this point of order and point out to Your Honour that the hon. member for Mackenzie River has been interrupted ever since he began

to speak by hon. members on the other side of the house. Now they complain that he is calling them names.

An hon. Member: Jackals.

Mr. Speaker: Perhaps there is some justification for both points that have been made, and perhaps we should make a fresh start, with the hon. member for Mackenzie River trying to confine his remarks to the subject under discussion.

Mr. Hardie: I hope that my dear and hon. friend across the way will listen intently, and perhaps when I am through he can make his speech himself.

Mr. Speaker, I believe that the hon. member for Peace River is sincere in presenting this resolution. I think he believes that this resolution will hasten the day when the first spike is driven into the railway to the south shore of the Great Slave lake. For this reason I do not want to talk the motion out. I think we should have a vote on it tonight. However, I should like to amend the motion by submitting the following amendment:

That after the word "matters" in the fifth line be inserted the following:
"such as the proposed extension of the northern Alberta system to the south shore of the Great Slave lake."

Mr. F. J. Bigg (Athabasca): Mr. Speaker, now that I am allowed to stand up and say what I think about this railway I think I will address my first remark to the hon. member for Mackenzie River (Mr. Hardie). The hon. member for Mackenzie River says he knows all about this railway and all about where it should go.

Mr. Hardie: I know well enough that the government is stalling it.

Mr. Bigg: Oh, we will get to that. I am one who is vitally interested in this railway because whether it goes through Peace River or whether it goes through what has been called my side of northern Alberta—and the hon. member for Peace River (Mr. Baldwin) and myself share the whole of northern Alberta—I should like to know a good deal more about this railway, and I mean in the planning sense, without any thought in my mind of stalling. We can build a railway to the south shore of the Great Slave lake. We could build three railways, or ten railways. I am only interested in building the one which will best serve the interests of Canada. I am not playing petty politics.

Mr. Hardie: Oh, oh.

Mr. Bigg: You can laugh. I, like my friend and colleague from Peace River, am here sincerely to advocate the building of this railway into that point where it is needed the most, and to advocate that it should be built as efficiently, as cheaply and as fast as it is possible to build it. And it will be done, if I have my way, without any filibuster and without any delay. But it will not be done on petty political lines. It will be built the way the transcontinental railways were built in the first place, to serve this great country of ours. It is time we stopped disputing among ourselves, and instead of throwing epithets across this chamber the hon. member for Mackenzie River would do better to tell us what he does know about this railway, and help us to build it.

Mr. Hardie: Why talk it out?

Mr. Bigg: This it not talking it out. I am suggesting that this should go to the committee where we could discuss the matter properly. We could ask for all the papers we need, and if that committee could not handle it we would appoint a royal commission to look into the matter further. Reference has been made to reports already. I have one in my hand. They are sometimes partisan reports. They are made on behalf of chambers of commerce, and there are several in my own community—there is one in Edmonton, one in Vancouver, one in every city of Canada, and they all have their own personal reasons, their petty reasons, perhaps—for wanting a railway to go in a certain direction. Perhaps the Consolidated Mining and Smelting Company want it to go along a particular route. But if a railway is to be built to the south shore of the Great Slave lake let us build it efficiently, let us build it—

Mr. Hardie: Now.

Mr. Bigg: Yes, if this is the most appropriate time. But can we have the assurance that once this matter is decided in the proper democratic fashion hon. members over there will not start bickering and squealing about our having done it wrongly?

Mr. Hardie: I don't care how you do it, build it.

Mr. Speaker: The hon. member for Mackenzie River has concluded his speech.

Mr. Bigg: The hon. member for Mackenzie River represents a diminished party that was in office for many years during which it could have started construction of this railway. The north country has been in existence for many years and it will remain for many years to come. As far as I am concerned when this railway is built it will be built the best way, the cheapest way and in the

most efficient manner to serve our whole country. I do not care whether or not I am re-elected in Athabasca on this point. This railway is important to the north country and I will work as hard as the hon. member for Mackenzie River or anyone else in Canada to see that the railway is built when the government decides it should be built, if it should reach that decision.

Mr. Hardie: Why "if"? Let's go.

Mr. Bigg: It has not yet been decided when it is to be built. If you are accusing me of filibustering, let me ask why you stood up at all? You made no constructive contribution to this debate.

Mr. Speaker: Order. The hon. member must recall that he should address the Chair only.

Mr. Bigg: Mr. Speaker, in my opinion the hon. member for Mackenzie River made no positive contribution to this debate. I welcome now or at any time having hon. gentlemen opposite present me with good solid arguments as to where this railway should go.

Mr. Hodgson: He does not know.

Mr. Hardie: To Great Slave lake, I said.

Mr. Bigg: Yes, it should go to the south shore of Great Slave lake in the light of our present knowledge. But which route should it follow? Many experts have already put their minds to this problem and we have reams of reports on the subject. Perhaps I am mistaken and I hasten to admit I may be wrong. In this respect I am unlike certain hon. gentlemen opposite. However, I have read these reports and carefully analysed them and have reached the conclusion that the economic factors that have been presented are fairly evenly balanced with respect to both possible routes.

Hon. gentlemen would need a map in order to be able to understand what I am about to say but most hon. gentlemen would have access to a map of northern Alberta. An examination of the map reveals that the distance between Edmonton and Pine Point on the south shore of Great Slave lake is approximately equal to the distance of the other route. One of the routes lies to the west through Peace River and the other, to the east, runs through Waterways. There is a difference of only 20 or 30 miles in mileage.

There is a problem concerning bridges and the terrain but I am informed that the difference between the cost of the two routes would be negligible. I am not just yammering because I have spoken to experts of the railway. They tell me that the amount of tonnage presently coming down on the Peace River side which is largely an agricultural area does not represent a sufficiently significant factor to enable them to weigh it decisively one way or the other. If one considers the present available knowledge on the subject one might say we are stymied and so we will have to look to the future for a solution to this dilemma.

We in this group on many occasions have been accused of having no vision and of being unwilling to take action even if we did have vision. We are not going to take hasty action. I am a Conservative and I do not believe in hastily spending hundreds of millions of dollars on projects which may later prove to be less economical than some alternative proposal. I believe in spending the money when we have it for the purpose that is most required. This attitude has characterized every word I have ever spoken and I hope to take this attitude as long as I am in this house because I am no socialist. We will have to look to the future to decide which route this railway should take to the south shore of Great Slave lake.

Mr. Hardie: You said there was no difference.

Mr. Bigg: We have to give the matter full and careful study and avoid unnecessary and expensive guesswork. Our action should be dictated by all the information and facts we can accumulate.

Mr. Hardie: The railway companies know the situation.

Mr. Bigg: If we are accused of delay, I can only reply that a certain amount of delay is necessary so that we may take wise action based on the fullest facts we can gather. I say we should get on with the job but that we should acquaint ourselves with as many facts as possible. We should consult the appropriate people.

Mr. Hardie: We are the appropriate people to pass the money.

Mr. Bigg: If this matter is referred to a committee of this house hon. members in all parties will be able to fully explore the question. The committee could interview expert witnesses who could assist us in achieving the best answer that is possible under our system. I still believe that our democratic system of government is the best in the world. Although it could be improved upon it is the best system ever devised. Having this democratic system, let us use it. Let us use our democratic parliamentary system and our committee system and if this fails to assist us in obtaining a satisfactory

solution the matter could be referred to a royal commission. We do not want to do this hastily.

Mr. Hardie: Are you speaking for the government now?

Mr. Bigg: We are going to do it—

Mr. Hardie: Let us vote.

Mr. Caron: We have only two minutes to vote.

Mr. Hardie: Let us send it to the committee.

Mr. Bigg: Let me remind hon. gentlemen that there are others who may wish to speak on this question. We intend to tackle the problem as fast as we can. We are working on it on this side of the house and indeed all hon. gentlemen should be working on finding a solution. I suggest that hon. gentlemen consult a map of this area and acquaint themselves with the facts of the issue. How many people in Canada know anything about northern Alberta? When you go north of northern Alberta you find that the ignorance is abysmal—

Mr. Hardie: What is this?

Mr. Bigg: —particularly on the part of the hon. member representing that vast area. Ignorance abounds with respect to this great area in northern Alberta. A project of this magnitude is not one that should be rushed into. We should not throw away approximately $350 million on a project of this importance without being certain that the money will be spent in the best possible way to assure that the railway will serve the greatest need. This is something the government has pledged to look into. The plans of this government for the development of northern Canada cannot be accomplished in six months and indeed they will not be entirely realized within 50 years. The policy of the government is to look forward to the future, planning wisely for our children and our children's children.

The government wants to remain solvent and if it borrows money for a project it intends to pay it back. If it builds the railway under contracts it will pay the contractors. No matter how the government spends its only source is the taxpayer. The government is not an old man with a long white beard sitting in Ottawa with a huge sack full of money. It is, as it were, a committee comprised of people from all across Canada entrusted with the spending of the public funds. If the government spends foolishly without careful planning there will come a day of reckoning. The suggestion advanced by my colleague is the only suggestion feasible at the present time.

Mr. Caron: This is a first-class funeral.

Mr. Bigg: I am fully in agreement with what was said by the minister. He described our way of doing this thing and it is the only way. Before action is taken we will require additional information to ensure a course of wisdom being followed. We intend to take action just as soon as we can.

Mr. Speaker, may I call it ten o'clock?

Mr. Caron: Oh, there is half a minute yet.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, on Friday evening the house leader gave the business for today. I do not want him to repeat it again because it is quite lengthy and it is there for anyone to see. I wonder, however, if he could answer this question. Is it the intention to deal with these items that he mentioned on Tuesday and Wednesday? I would also like to know what we will do on Thursday and Friday if he could tell me.

Mr. Green: Mr. Speaker, there is some slight change in the order in which these items will be considered. We are planning to take first the motion by the Prime Minister concerning the annual report of the Canada Council.

Mr. Caron: What number?

Mr. Green: It is under government notices of motion. We then propose to take item No. 36 which is the motion to refer the public accounts to the public accounts committee; then item No. 35 which would refer the estimates of the Department of Fisheries; and then if the Minister of Justice is here we will take item No. 34. He will be here some time in the afternoon but I am not sure when and it may be necessary to take the item dealing with humane slaughtering of animals later in the day. We then propose to take item No. 33, the resolution concerning the Fisheries Improvement Loans Act; then item No. 26, the second reading of the bill to amend the Fisheries Improvement Loans Act including the resolution which will have been passed before; then item No. 27, second reading of the act to amend Public Servants Inventions Act; then item No. 29, the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act; then item No. 25, the act to confirm the agreement between the federal government and the government of New Bruswick respecting Indian reserves and then the resolution to set up a committee to study the Indian Act.

Finally, we shall take the resolution on freight rates. I think we will be going on with this business on Wednesday, and later on in the week have the estimates of citizenship and immigration and agriculture.

Mr. Chevrier: Do I understand from the leader of the house that on Tuesday and Wednesday we shall deal with the list that he has just mentioned. What do we do on Thursday? Shall we continue if we are not through?

Mr. Green: We expect to take estimates on Thursday and Friday, and on Wednesday we may also take the resolution concerning the parliamentary secretaries.

It being three minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CIVIL SERVICE EXAMINATION PANEL

Question No. 168—**Mr. Argue:**

1. How are the members of a civil service commission examining panel customarily selected?

2. Is the minister or either of his deputy ministers customarily a member of such a panel when an applicant for a position in his department is examined?

3. On what occasions, if any, has this been the case when applicants were examined for any position in the government since January 1, 1956; who were the ministers or deputy ministers so concerned, who were the applicants being examined, and what positions were they applying for?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. All appointments to examining boards established by the civil service commission to select recruits for the civil service are made by the commission. Such boards usually comprise not less than three members and the chairman is an officer of the civil service commission. One of the members is normally a representative of the department in which the vacancy is to be filled. Another member, knowledgeable in the field of endeavour relating to the responsibilities of the vacant position, is normally drawn from outside the commission and the department.

2. Ministers are never members of examining boards. On the other hand, deputy ministers are from time to time appointed members of examining boards, particularly when the positions to be filled are at a senior level, such as positions of assistant deputy minister, branch director, chief of a division, etc.

3. Since January 1, 1956, the following deputy ministers have been members of examining boards in the competitions referred to hereunder for positions in their own departments:

Name	Competition No.	Position to be filled
Dr. Marc Boyer, Department of Mines and Technical Surveys	56-383	Director general of scientific service, Department of Mines and Technical Surveys.
Mr. N. A. Robertson, under-secretary of state for external affairs.	59-2650	A number of positions of foreign service officer grade 1 to be filled by university graduates.
Mr. R. G. Robertson, Department of Northern Affairs and National Resources.	56-599	Director, national museum of Canada.
	57-856	Chief, mining and lands division, Department of Northern Affairs and National Resources.
	58-528	Chief economist, Department of Northern Affairs and National Resources
	58-540	National parks planning officer, Department of Northern Affairs and National Resources.
Major General Hugh Young Department of Public Works.	56-667	Financial adviser, Department of Public Works.
	57-372	Chief engineer, harbours and rivers, Department of Public Works.
	58-375	Assistant dominion fire commissioner, Department of Public Works.

As required by law, the names of successful candidates in civil service commission competitions are published regularly in the *Canada Gazette*. This has been done for all the competitions referred to above, except competition 58-528, the results of which will be published early in March, and competition 58-540 and 59-2650 which will be published some time later. The commission does not make public the names of unsuccessful candidates as it is felt that this would not be fair to the individuals concerned.

NATIONAL MUSEUM—DIRECTOR OF HUMAN HISTORY BRANCH

Question No. 171—**Mr. Argue:**

1. On what date was the competition for the position of director of the human history branch

Questions

of the national museum first advertised by the civil service commission?

2. What were the qualifications stipulated for this position?

3. What was the name of each applicant, and the date of his application?

4. Which applicants were selected for consideration of the filling of this position by the civil service commission, and what were the qualifications of each?

5. Which applicants were examined by a civil service commission panel, and on what dates?

6. What was the name of each member of the civil service commission panel which examined each of these applicants, and what position did each member hold at the time?

7. Who was the successful applicant, and was he chosen by a unanimous decision of the examining panel?

8. If not, what was the nature of the divergence of opinion amongst the members of the panel?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. A competition to fill the position of director of the national museum of Canada was advertised in June, 1956. The closing date for receipt of applications was July 9, 1956.

The competition poster described the duties of the director as follows:

> The director will be responsible for the management and administration of the national museum of Canada where are collected, classified and exhibited specimens required to afford a complete knowledge of the geology, mineralogy, paleontology, archaeology, ethnology and fauna and flora of Canada. As more space becomes available in the museum building, the director will be responsible for the reorganization and reorientation of the museum; he will be responsible for co-ordination of research and for the dissemination of information acquired by the museum; he will also be required to advise on the work of the department regarding other museums operated by it and, in general, to give advice on related matters.

The same poster described the qualifications required as follows:—

> Graduation with a doctor's degree from a university of recognized standing with specialization in one or more of the related fields. Extensive experience in one or more of the disciplines involved and an international standing as shown by published results. Experience in planning, exhibits, a knowledge of modern museum and public information methods.

Seven applications were received in this competition, all before the closing date of July 9. Three of the seven candidates were summoned to oral interview by an examining board on July 20, 1956. The examining board comprised Mr. J. E. McCannel of the civil service commission as chairman; Mr. R. G. Robertson, deputy minister of northern affairs and national resources; and Dr. W. Kaye Lamb, dominion archivist and national librarian, as members. Following these interviews Dr. L. S. Russell and Dr. Jacques Rousseau were qualified, in that order, by unanimous decision of the board. At that time Dr. Russell was chief of the zoology section of the national museum. He held the degrees of B.Sc., M.A. and Ph.D. in palaeontology and geology. At the time he submitted his application, Dr. Rousseau was scientific director of the Montreal botanical gardens. He held the degrees of B.A., L.Sc. and D.Sc. from the university of Montreal.

Before the examining board submitted its report to the civil service commission, the government decided to divide the museum into two parts on the basis of one of the recommendations of the royal commission on national development in the arts, letters and sciences. The single position of director of the national museum was therefore replaced by two positions—a director of the natural history branch and a director of the human history branch of the museum. Of the two candidates who had qualified in the competition, the examining board felt that Dr. Russell was more suitably qualified for the position of director of the natural history branch while Dr. Rousseau was better qualified for the post of director of the human history branch.

The civil service commission does not make public the names of candidates who are unsuccessful in civil service competitions as it is felt that this would not be fair to the individuals concerned.

Questions 2 to 8. (See 1 above)

INFANTILE PARALYSIS CASES

Question No. 212—**Mr. McMillan:**

1. How many cases of infantile paralysis were reported in Canada, during the years 1956, 1957 and 1958?

2. What was the number of deaths in cases of paralysis in these years?

3. What was the incidence of death and paralysis in relation to one, two or three doses of the Salk vaccine immunization?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Reported cases of paralytic poliomyelitis in Canada: 1956, 369; 1957, 177; 1958, 229 (provisional).

2. Poliomyelitis deaths in Canada: 1956, 51; 1957, 26; 1958, 19 (provisional).

3. 1956, information is not available. 1957, only one death was reported in vaccinated persons. Of the 96 cases of paralytic poliomyelitis reported in the age group 0-9, 24

had received vaccine as follows: 1 dose, 3; 2 doses, 14; 3 doses, 5; 4 doses, 1; not known, 1. In the 81 cases over the age of 9 years the data on vaccination is incomplete. 1958, information is being compiled but is not yet available.

DOLLARD COUNTY, QUE.—POSTAL STATIONS

Question No. 230—**Mr. Rouleau:**

Questions

1. Since June 10, 1958, has the government received representations from Mr. Maurice Cousineau, mayor of the city of St. Laurent, requesting the building of new postal stations in the county of Dollard, Quebec?

2. If so, in what locations?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. No.

2. See answer to No. 1.

HOUSE OF COMMONS

Tuesday, March 10, 1959

The house met at 2.30 p.m.

TRADE

WHEAT—ANNOUNCEMENT OF CONCLUSION OF NEW INTERNATIONAL AGREEMENT

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on January 21 I advised the house that a delegation was being sent from Canada to take part in the United Nations wheat conference at Geneva. Included in the Canadian delegation were members of the advisory committee of the Canadian wheat board who are at the same time leaders of the principal farm organizations in western Canada.

The purpose of the conference was to negotiate a new international wheat agreement. I am pleased to state that the negotiations in Geneva have come to a fruitful conclusion. Subject to ratification by the governments concerned, a new three-year international wheat agreement will enter into effect next August. I am advised that the new wheat agreement was negotiated in an atmosphere of international good will and co-operation, and that it is broader in scope and content than the present agreement and will cover the major proportion of the international wheat trade.

The new agreement differs in important respects from the agreements negotiated in 1949, 1953 and 1956. These earlier agreements were based upon rights and obligations which had effect only when prices reached the internationally agreed maximum and minimum. In the new agreement each of the importing countries has committed itself to buy a specified percentage of its annual commercial imports from the exporting countries at prices within the agreed price range. If, however, prices should go to the maximum the exporters' obligations to supply at that price are limited to the average commercial purchases of the importing countries over a recent period of years.

The objectives of the new agreement have been significantly broadened, and provision has been made for a comprehensive annual review by the international wheat council of developments affecting world trade in wheat, including surplus disposals. A new price range has been negotiated. The present minimum price of $1.50 per bushel basis No. 1 Manitoba northern in store Fort William/Port Arthur has been maintained unchanged and will be continued during the next three years. The maximum price has been established at $1.90 per bushel for the same grade of wheat in the same position.

It is a matter of satisfaction to Canada, and I think to all countries interested in international co-operation in wheat, that the United Kingdom, subject to parliamentary approval in that country, is likely to join the new agreement. The return of the United Kingdom to the international wheat agreement will strengthen the agreement and increase its effectiveness and value.

The text of the agreement will be submitted for ratification at the present session, and I trust it will commend itself to this house and to Canadian wheat producers.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I think the house will have listened with great interest to this announcement by the Minister of Trade and Commerce to the effect that a new wheat agreement has been agreed upon at Geneva. There will be regret, I know, that it was found necessary to reduce the maximum price of $2 to $1.90, without interfering with the minimum price of $1.50. I think there will also be general satisfaction that the United Kingdom has entered into the agreement, and I am wondering whether the minister can inform the house whether any other countries which were not signatories to the earlier agreements have taken this course.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in this group over the years have supported the international wheat agreements which have been formulated from time to time. We are again pleased on this occasion to support the passage of this agreement and Canada's signature to it. We think it should be an improvement that a certain specified percentage of imports will be taken by each importing country. The past agreement has really been quite ineffective because neither the ceiling price nor the floor price came into effect.

I think to appreciate the probable value of this agreement one must bear in mind that the ceiling price for No. 1 northern wheat at Fort William/Port Arthur today is in the neighbourhood of $1.70 a bushel, which means there is a 20 cent leeway in

either direction. The floor price in the agreement, while some guarantee, would be a disaster for the wheat producers of Canada if our Fort William price should fall an additional 20 cents a bushel. The house will appreciate what I say when I refer to the great demand in the country today for an effective price higher than $1.70.

The agreement itself is satisfactory, but I suggest it must be supplemented and supported by a program of deficiency payments to bolster our western farm incomes. I am hopeful that the Minister of Trade and Commerce will pursue a vigorous trade policy, and I express the hope that he may be successful in concluding important export agreements with Poland and the U.S.S.R.

Mr. Churchill: I am glad the hon. member for Assiniboia has given his unqualified support to this agreement.

I would like to answer the Leader of the Opposition. I have not the details with regard to all the countries which would be in the organization, because ratification is required, as he understands. However, it is expected that in addition to the four major exporters, the United States, Canada, Australia and the Argentine, France and Sweden will continue in the agreement and Italy, Mexico and Spain will come in. The details which he would like to have will, I think, be available to us later on when we discuss the agreement.

WHEAT AND BARLEY—ANNOUNCEMENT OF SALE TO POLAND

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have an announcement to make which will, no doubt, be of interest. I should like to advise the house that the Canadian wheat board has signed a contract with officials of Rolimpex, the Polish government purchasing agency, covering the purchase of 150,000 tons of Canadian wheat. The grain is scheduled for shipment from Canada between now and the end of the crop year, July 31. I might add that some of it will be moving very soon by way of the Atlantic ports.

Under the provisions of the contract the Canadian grain trade, acting as agents of the Canadian wheat board, will negotiate the individual purchase transactions. Rolimpex which is, as I said, the official purchasing agency of the Polish government, will now enter into negotiations with the agents of the board for the purchase of 100,000 tons of Canadian barley for shipment from Canada by July 31.

Both the wheat and barley transactions will be purchased under credit facilities extended by the government through the export credits insurance corporation on the same terms as previously granted to Poland.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, it is encouraging to learn from the minister that we are continuing to ship wheat to Poland. While we are on that subject, may I ask the minister whether any progress has been made toward renewal of the agreement with Russia which lapsed a week ago, and under which we sold such large quantities of wheat in recent years?

Mr. Hazen Argue (Assiniboia): This is a welcome announcement, Mr. Speaker, and I am sure the Minister of Trade and Commerce would agree that this is a most appropriate day on which to make such an announcement. I congratulate the minister on having arranged such an appropriate time, whether it was by coincidence or not. I wonder if he can say whether or not negotiations are still in progress for a long term agreement with Poland. I understand that the quantities he has mentioned are in respect of the present year.

Mr. Churchill: I am not able to advise the hon. member for Assiniboia with regard to any further agreement which may be entered into with Poland.

In answer to the Leader of the Opposition, I do not want to announce everything at once, but I can hold out every hope that on an appropriate occasion I shall be able to advise the house that wheat will be shipped to Russia in accordance with the agreement set up by the hon. gentleman and his colleagues a few years ago.

OIL

STATEMENT ON SALE OF OIL AND GAS PERMIT RIGHTS IN NORTHERN CANADA

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Hon. members will be pleased to hear that a public sale of oil and gas permit rights was held yesterday afternoon for 3,546,829 acres. All the acreage, except for some 250,000 acres, lies in the southwestern Northwest Territories and southeastern Yukon in the general vicinity of Fort Liard. Some 250 bids indicate the largest public interest in any sale ever held by the department, and also indicate that major exploration for oil and gas is moving northward into the Northwest Territories and Yukon Territory.

Cash bonus bids to the value of over $6,500,000 will be accepted with some of the bids reaching nearly $9 per acre. This is all direct revenue to the crown. The successful bidders must spend $3 per acre over the nine

year term of each permit, which will amount to over $8,500,000 in actual exploration for oil and gas.

I should emphasize that this sale is for exploratory privileges only, though if the permittee complies with the regulations he may acquire up to 50 per cent of each area as an oil and gas lease. He must apply for such a lease if he discovers oil and gas and wishes to commence production.

I plan to make a full statement to the standing committee on mines, forests and waters on government policy regarding oil and gas and other minerals in northern Canada, and how the public interest is protected in the development of these resources.

Hon. L. B. Pearson (Leader of the Opposition): I wonder if I may ask the minister, in connection with this statement, if he could tell us how many of the bids he has mentioned were made by United States corporations or Canadian subsidiaries of such corporations.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, we have not had time even to complete the final and exact tabulation, but if the Leader of the Opposition wishes me to do so I could get this information for him.

Mr. Pearson: Was the highest bid taken on each occasion?

Mr. Hamilton (Qu'Appelle): That is what I announced, Mr. Speaker.

ALBERTA TAR SANDS—PERSONNEL OF COMMITTEE ON USE OF ATOMIC BLASTS

On the orders of the day:

Mr. A. R. Smith (Calgary South): I should like to direct a question to the Minister of Mines and Technical Surveys. Can he tell us if the government has yet decided upon a plan to proceed with the establishment of a feasibility committee to examine the proposal of a nuclear oil separation process in relation to the Athabasca tar sands? If a decision has been arrived at, and if it is in the affirmative, can he tell us the membership of that committee?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): I wish to thank the hon. member for Calgary South for having given me notice of this question. The answer to the first part of the question is yes. In so far as the second part of the question is concerned, I must say that a technical group under the chairmanship of Dr. John Convey, director of the mines branch, will include: Dr. George Laurence of Atomic Energy of Canada Ltd.; a representative of the federal Department of National Health and Welfare; two representatives from the Alberta government; one representative of Richfield Oil Corporation, and one representative, as an adviser, from the United States atomic energy commission.

NATIONAL DEFENCE

REPORTED U.S.-CANADA AGREEMENT ON CONTROL AND STOCKPILING OF NUCLEAR WEAPONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Prime Minister. Will the Prime Minister comment on a report in the New York *Times* of March 8 that the United States and Canada have agreed in principle on joint control of nuclear weapons and stockpiles of warheads to be based in Canada, and that an announcement on this matter is to be made shortly which would, among other things, state that such stockpiles in Canada would be under the direct control of United States personnel, as provided by United States law?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I noticed that article; and while the hon. gentleman did not give me notice of his question I have made inquiries with regard to this matter and I find that the article appearing in the New York *Times* is inaccurate in a number of details.

The government does not anticipate concluding a formal agreement with the United States government on the acquisition of nuclear warheads in the immediate future. I would draw the attention of the house to the statement I made in this regard on February 20. I indicated then that it would be some time before nuclear weapons would and indeed could be available for use by Canadian forces. At that time I stated that as soon as the government was in a position to do so it would inform the house, within the limits of security, of the general terms of understanding reached between the two governments on this subject. I believe that is about as far as I can go on this occasion.

D.E.W. LINE—U.S. PERMIT FOR MINISTERS' VISIT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to indicate this group's respect for the rules of procedure by asking the Minister of Justice a question which is strictly in order. I understand that the minister will be taking a trip to northern Canada and possibly the Arctic regions in the near future. Would he inform the house if he intends to visit D.E.W. line installations, and if so will

it be necessary for him to get a permit from the appropriate United States authorities?

Hon. E. D. Fulton (Minister of Justice): It is refreshing to find the hon. member in order for a change.

In answer to his question I have to say that it is not my intention to visit D.E.W. line installations, those installations not being under the administrative responsibility of the Minister of Justice. My trip will be confined to visiting R.C.M. police detachments and other points throughout the western half of the Northwest Territories—where, as Attorney General, I am directly responsible for the administration of justice—in order that I may have a better understanding of the nature of the problems of the police and those who are in charge of the courts in that area.

So far as I know my schedule does not call for any stop at any D.E.W. line installation, in any event the R.C.M. police are capable of taking care of my modest requirements in regard to accommodation.

REPORTED SPEECH BY AIR MARSHAL CAMPBELL RESPECTING BOMARC INSTALLATIONS

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): May I direct a question to the Minister of National Defence. Will the minister tell the house whether Air Marshal Campbell delivered a speech at Montebello on February 5, and whether he will make copies of that speech available to members of the house?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, Air Marshal Campbell did not make a speech at Montebello on the date mentioned.

Hon. L. B. Pearson (Leader of the Opposition): May I ask a supplementary question. Would the minister then clear up the contradiction between his statement to the house on March 2, 1959, at page 1519 of *Hansard*, that two Bomarc squadrons were to be established, and the statement attributed by the hon. member for Calgary South to Air Marshal Campbell that we have been given the green light on two half squadrons of Bomarcs?

Mr. Pearkes: Yes, Mr. Speaker. Both the Prime Minister and myself have on several occasions stated that there will be two squadrons of Bomarcs, one to be established at North Bay and one to be established in northern Quebec north of a line drawn between Ottawa and Montreal. These will be separate units with complete establishments of personnel, missiles and launching apparatus.

[Mr. Herridge.]

INQUIRY AS TO TABLING OF WHITE PAPER ON POLICY

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, may I direct a question to the Minister of National Defence. Could the minister advise the house if the white paper which he promised some time ago concerning the policies of the government will be available shortly?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I answered that question a few days ago when I said the white paper would be ready and tabled before my estimates are presented to the house.

AIRPORTS

VANCOUVER—INQUIRY AS TO ACQUISITION OF INTERNATIONAL AIRPORT

On the orders of the day:

Mr. John Drysdale (Burnaby-Richmond): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the necessity of expanding facilities to meet jet age requirements, would the Department of Transport be prepared to actively consider acquiring the Vancouver international airport from the city of Vancouver?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, we shall be very pleased to consider any proposition put forward by the city of Vancouver.

THE CANADIAN ECONOMY

"PRIVATE AND PUBLIC INVESTMENT IN CANADA—OUTLOOK 1959"—REQUEST FOR CLARIFICATION

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. It is based on his statement in the House of Commons on Friday, March 6, when he tabled the document entitled "Private and Public Investment in Canada—Outlook 1959". His statement as found at page 1673 of *Hansard* is as follows:

> —increased capital outlays are indicated for each of the three levels of government.

The Department of Trade and Commerce publication to which I have made reference, which publication was issued the same day, shows in table No. 7 on page 17 that capital outlays of the federal government will decline by $30.6 million in 1959, and that similar expenditures by the provinces will decrease

by about $40 million. There appears to be a contradiction in terms, and I wonder if the minister could clear it up.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I would welcome an opportunity of clearing it up, but I do not think I can do so on such short notice as this.

Mr. McIlraith: Tomorrow?

Mr. Churchill: Tomorrow will be satisfactory, Mr. Speaker.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I have a supplementary question on the same point relating to the publication entitled "Private and Public Investment in Canada—Outlook 1959". I have given the minister notice of my intention to ask this question.

Will the Minister of Trade and Commerce explain his statement as it appears at page 1674 of *Hansard* in these words:

> The rate of anticipated expenditures for 1959 indicates that Canadian industry is continuing to expand rapidly.

I ask this question in view of the fact that the publication of the Department of Trade and Commerce issued the same day and to which reference has been made shows in a table on page 7 that business capital expenditures will decline by $225 million in 1959 as compared with 1958.

Mr. Churchill: Mr. Speaker, I should like to thank the hon. member for giving me notice of this question. I am of opinion that the publication to which the hon. gentleman refers deserves careful study. The hon. member has drawn attention to what he considers a discrepancy in the statement as related to the tables. The statement he read was:

> The rate of anticipated expenditures for 1959 indicates that Canadian industry is continuing to expand rapidly.

I think that is borne out by a study of the document. On the first page there appears this sentence:

> On the basis of these intentions as stated at year-end, the 1959 investment program would be moderately below the all-time peak of 1957 but would still comprise a larger percentage of gross national production than in any post-war year prior to 1956.

I think what is intended by that earlier sentence is that Canada is continuing to expand, perhaps not as rapidly as in 1958 or as rapidly in 1959 as in 1957, but the rate of expansion in the four years 1956, 1957, 1958 and the anticipated prospects for 1959 indicate that this is an expanding economy, because the prior years show that investment in 1954 was only at $5,700 million, and in 1955-56—

Mr. Speaker: Order. I suggest to the minister and the members who have posed these questions that they really cannot be appropriately dealt with at this stage. It seems to me they could be discussed more effectively on the estimates of the department or at some later stage than by question and answer on the orders of the day. They seem to involve expressions of opinion and argument.

Mr. Pearson: Mr. Speaker, the reasons these questions were asked are surely obvious. The minister made a statement last Friday. He tabled some figures, and the figures contradicted his own statement. This is the first opportunity we have had to bring this contradiction to the attention of the house.

Mr. Churchill: In view of the statement by the Leader of the Opposition I should think I should be given an opportunity to reply, because he has now stated—

Mr. Speaker: I think the Leader of the Opposition raised a question of privilege. If so, then certainly the minister will have an opportunity to deal with the alleged discrepancy.

Mr. Churchill: Mr. Speaker, I have already pointed out that during the last three years, and with the anticipated investment for 1959, Canada is in an expanding economy as compared with the preceding years and, as I pointed out in that earlier statement, there has been a fourfold increase in investment in Canada during the last four years over the preceding years, which is a remarkable achievement. There is a slight drop anticipated in the business sector of 1959, but a careful reading of the document indicates that the revised figures which come out later in the year may indicate, as they have done in the past under similar circumstances, that the intentions of the year will be exceeded by the actual expenditures. On page 10 of this document we find this:

> On the economic side, the present intentions were framed at a time when business conditions were in the initial stages of recovery. If this recovery continues, and particularly if it accelerates in tempo, it may be expected that additional expansion projects will be forthcoming as the year progresses, especially in the commodity-producing industries. In the past, in periods of improving business conditions investment intentions have always underestimated actual accomplishment. In current circumstances, however, the extent to which intentions may be exceeded will probably be limited by the amount of excess capacity still present in a number of industries.

There are other intimations throughout this document which indicate that the economy is in good shape and that there is every

prospect of it expanding, and that it is an expanding economy as compared with other years.

Mr. Benidickson: I do not think this is an answer to the question, because I indicated that the minister had segregated one of the fields of capital investment, namely that with respect to industry. As I stated in my question, he asserted in a statement at the time he was submitting the document that industry —there are other segments; there is public investment and other capital investment—is continuing to expand rapidly, and the figures in the document do not bear out that statement.

Mr. Churchill: Mr. Speaker, in answer to my hon. friend's question I shall read just two other sentences in the summary:

> In summary, the 1959 capital spending program in the business sector is more heavily weighted with new expansion projects than was the case last year. Spending on these new projects, as planned at this time, will be almost sufficient to offset the large gaps left by the completion of major undertakings in 1958.

It is on that basis that it is expected that the actual expenditures will exceed investment intentions in the business sector.

WATER RESOURCES

CHICAGO DIVERSION—INQUIRY AS TO FURTHER CANADIAN PROTESTS

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): I should like to direct a question to the Secretary of State for External Affairs. Due to the fact that the house public works committee in Washington gave quick clearance to the bill permitting Chicago to divert more water from lake Michigan by a vote of 19 to 11, after Canada and the six great lakes states have been fighting the proposal, will the minister make another formal protest to Washington before the bill comes up in the house or the Senate?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I thank the hon. member for indicating to me his intention of asking this question. Hon. members will recall that we have presented to the state department an explicit and strong protest, so in answer to his question I would say that at the moment there is no intention of presenting another strong and explicit protest.

As the hon. member has said, Bill H.R.1 was adopted by the public works committee of the House of Representatives by a vote of 19 to 11. I understand that it now goes directly to the House of Representatives, where it will be considered in due course. This bill has not yet been before any committee of the Senate or, of course, before the Senate itself. Even if it is adopted by the House of Representatives and the Senate it does not become law in the United States, as we all know, until the President gives his approval.

I can assure the house, Mr. Speaker, that the government is following the course of events very closely. If and when the occasion should demand it, we will make formal, informal, oral or written representations in this vein.

Hon. Lionel Chevrier (Laurier): May I ask the minister a supplementary question arising out of his answer, in which he indicated that strong representations had been made in the aide memoire which he tabled in the house. My question is this. I read a letter recently which was addressed to Congressman Yates, in which it was said—this was a letter from the U.S. Secretary of State—that at that time, prior to the aide memoire, the Canadian government had no objection whatever to the diversion of 1,000 c.f.s. out of lake Michigan into the Chicago drainage canal. Is that so?

Mr. Smith (Hastings-Frontenac): I think this is the same letter to which the hon. member referred some days ago in the house. I have not ascertained the authenticity of that report, but I repeat that the latest word in this respect from the government of Canada is the aide memoire.

Mr. Chevrier: Would the minister be good enough to ascertain whether such a letter was sent prior to the aide memoire?

Mr. Smith (Hastings-Frontenac): I do not know whether or not it is possible for me to get the text of proceedings in the legislature of another country. I shall endeavour to ascertain the facts to the end that I can answer the question.

Hon. L. B. Pearson (Leader of the Opposition): While the minister is trying to ascertain whether or not such a communication exists—and it does exist—would he also table for the information of the house the communication from the state department to the Canadian government, I think on February 9 of this year, inquiring whether and when the Canadian government was going to make a protest on this matter?

Mr. Smith (Hastings-Frontenac): I would remind the Leader of the Opposition that that has already been tabled, with the aide memoire.

LABOUR CONDITIONS

NEWFOUNDLAND—INQUIRY AS TO GOVERNMENT ACTION ON LEGISLATION

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Prime Minister. Is the Prime Minister at this time in a position to inform not only the house but the people of Canada as to what action the government is planning to take in regard to the recent labour legislation passed in the legislature of Newfoundland?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, all I can say is that the legislation passed by the legislature of Newfoundland has been brought to our attention and the cabinet is giving consideration to the whole question.

Mr. Hazen Argue (Assiniboia): A supplementary question. I wonder if the Prime Minister would be able to tell the house when a decision may be made, since the I.W.A. which has been the legal union under the law is now being interfered with by this law?

Mr. Diefenbaker: Of course the hon. gentleman knows that that is a matter of government decision, and I am not going to anticipate the date of that decision.

Mr. Argue: In the meantime the legal union is being smashed.

HARBOURS

LAKEHEAD—REPORTED INCREASE IN ESTIMATED COST OF DEVELOPMENT

On the orders of the day:

Mr. Hubert Badanai (Fort William): I wish to direct a question to the Minister of Public Works. It arises out of a newspaper report to the effect that the Department of Public Works has made the announcement that the estimated cost of the development of the lakehead harbour is $6,600,000 plus $900,000 for a railway overpass. The minister indicated some time ago that the expenditure on the project was going to be $5,500,000. Can the minister inform the house if there has been a change of plans which has made necessary the increase of $1,100,000 in the estimates?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the preliminary report of the consultants, Sir Alexander Gibb and Associates, estimated that the cost would be about $5.5 million. We now have the final report and the estimate has gone up to $7.5 million, but it includes certain additional features which were not in the preliminary report.

TRANSPORT

GREAT SLAVE LAKE—INQUIRY AS TO START OF CONSTRUCTION OF RAILWAY

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I should like to direct a question to the Prime Minister. Will the Prime Minister fulfil his promise to the people of northern Canada by announcing at this session a start on the construction of a railway to the south shore of Great Slave lake?

Mr. Speaker: This is a matter which the hon. member was debating last night. It seems to me that it is a question of policy which he could hardly expect to have answered on the spur of the moment.

MONTREAL—REPORTED CANCELLATION OF PASSES OF RAILWAY EMPLOYEE COMMUTERS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Wednesday last the hon. member for Dollard inquired about the reported cancellation of passes of railway employee commuters in the Montreal district. I have spoken to the Canadian National Railways, and so far as that company is concerned the management advise that passes have not been cancelled, but that effective March 1, 1959, passes held by C.N.R. employees were restricted against use for commuter travel; that is, for regular or daily travel between residence and place of business. The management add, however, that for such travel Canadian National employees having the requisite length of service may obtain reduced rate commutation tickets. The management point out that commuter services are operated at a substantial loss.

(Translation):

POST OFFICE DEPARTMENT

INQUIRY AS TO MEETING BETWEEN EMPLOYEES AND CIVIL SERVICE COMMISSION

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, I should like to direct a question to the hon. Secretary of State (Mr. Courtemanche). In view of the fact that the hon. Postmaster General (Mr. Hamilton) has stated that grievances put forward with regard to postal employee's salaries were the responsibility of the civil service commission, does the hon. Secretary of State intend to see to it that civil service commission officials meet the leaders of postal federations and associations, and of mail carriers before it is too late?

Hon. Henri Courtemanche (Secretary of State): I am sure, Mr. Speaker, that the hon. member for St. Denis (Mr. Denis) already knows the answer to his question. He is perfectly aware that the civil service commission is an independent body and that the Secretary of State has no instructions to give it.

Mr. Denis: A supplementary question, Mr. Speaker. May I ask the right hon. Prime Minister why it is that, every time we ask for information, we are told about this matter of "independence"? Whenever we put a question or make a suggestion, ministers reply that the matter is outside of their responsibility?

[*Later:*]

Mr. Azellus Denis (St. Denis): Mr. Speaker, the question I directed to the hon. Prime Minister is, in my opinion, of general interest, and I claim that account must be taken of those meetings and grievances of government employees. As he is no doubt aware, thousands of persons are working in the Post Office Department, and when the Postmaster General is asked what he intends to do to solve the problem, he replies that the matter is the responsibility of the civil service commission.

I am directing the question to the hon. Secretary of State and—

(Text):

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I shall try to reply in French.

(Translation):

I will take the question as notice and answer it later.

(Text):

FINANCE

BANK OF CANADA—INQUIRY AS TO TABLING OF ANNUAL REPORT

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I wish to direct a question to the Minister of Finance. In view of the unusual interest in monetary policy these days, can he tell the house when we may expect the tabling of the annual report of the bank of Canada? May I also ask whether, after the tabling of that report, the minister would have any objection to having it referred to the banking and commerce committee for discussion as has happened in previous years, although it has not been the invariable practice.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the report is being printed at the present time. I hope to be in a position to table the report by the end of this week or not later than the beginning of next week. Whatever course of action is decided upon with regard to the possible reference of the report to any standing committee is a matter that will have to be decided after the report has been tabled. It has not been the practice to have that report referred to the banking and commerce committee every year. It has been done occasionally.

NORTHERN AFFAIRS

ALBERTA—REPORTED PURCHASE OF FAIRHOLM RANCH

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to ask a question of the Minister of Northern Affairs and National Resources. It concerns a matter which is of great interest to many of us, especially those of us from western Canada. Can the minister give any advice as to the reported statement of Captain O'Brien-Ffrench that with respect to the famed—and I say "famed" advisedly—Fairholm ranch in Alberta an agreement is being concluded for its purchase by the government? If so, for what purpose is this most marvelous rustic ranch home and property being purchased by the government?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the department is now in the process of negotiating with Captain O'Brien-Ffrench for the purchase of this property. I think the proper place for me to give an answer to the question would be in the standing committee on mines, forests and waters, as there are a number of reasons.

Mr. Winch: I have a supplementary question. When we are told this by the minister, may I ask why the information cannot be given to the House of Commons on the orders of the day?

Mr. Hamilton (Qu'Appelle): I think the reason is obvious, Mr. Speaker. Negotiations are still in process. I shall be glad to make a statement. As I say, there are many good reasons why we should purchase this property.

Mr. Winch: If I may, I should like to ask another supplementary question. Is it the policy of the minister and his department to enter into negotiations without knowing the reason why they want to purchase the property?

Some hon. Members: Oh, oh.

INDIAN AFFAIRS

SIX NATIONS RESERVE—REQUEST FOR STATEMENT ON PRESENT SITUATION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask a question of the Minister of Citizenship and Immigration, of which I have given the hon. lady notice. My question is this. Can she bring the house up to date on what is happening at the Six Nations reserve? Before putting the question, if the hon. lady will permit me to do so I should like to express to her my regret with regard to a sentence attributed to me in a story in the Hamilton *Spectator* of yesterday and which states that "the government cannot afford to be frivolous any longer". As a general proposition I think that is sound, but in relation to this particular matter I do not think the government has been frivolous. I know the hon. lady has taken this matter extremely seriously. I think it is a matter that we should all take seriously.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): First of all, Mr. Speaker, I should like to thank the hon. member for his explanation, or apology, or whatever it may be termed.

Mr. Pickersgill: Expression of regret.

Mrs. Fairclough: I must say that I was shocked when I read the account in the *Spectator,* because the interchange to which it refers was one which arose from a frivolous question which certainly did not start on this side of the house.

With reference to the present situation at the Six Nations reserve may I say this. We are in constant touch with the elected council and the hereditary chiefs. It is a matter of keen regret to me that there should be a conflict over jurisdiction in that reserve. Because the situation is so serious I have spent a great deal of time on the matter myself. I spent the whole week end in consultation with various persons. The director of the Indian affairs branch was in Brantford. He met all day yesterday with the hereditary chiefs, and prior to that he had met with the elected council.

We are hopeful that we can come to a successful compromise in this matter. It will be recognized by the house that the elected council is in control of the affairs of that band. It will also be recognized that the hereditary chiefs have made some complaints which we are quite willing to hear. I would have preferred it if they had brought their grievances to the department instead of taking the action which they have taken. Nevertheless, we are doing our best to iron out the differences without undue delay.

Mr. Pickersgill: I thank the hon. lady.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—USE OF R.C.M.P. IN LABOUR DISPUTE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to address a question to the Minister of Justice. Has the minister received a telegram from H. Landon Ladd, president of district No. 2 of the I.W.A. of Newfoundland, in which Mr. Ladd has quoted Inspector Stevenson of the R.C.M.P. as saying that a detachment of 20 members of the force had been used to disperse an I.W.A. picket line on the Halls Bay road near Badger to assist 25 non-union men to enter a strikebound camp, and can the minister say—

Mr. Speaker: Order. I seem to recall that the hon. member, or some hon. member, asked a similar question about the use of the police, and the minister gave his response that the direction of the police was a matter for the provincial authorities, in which event this would not be a proper question to ask.

Mr. Argue: Mr. Speaker, on this point I wish to submit that the question arises out of a telegram that has been sent by the responsible president of the union to the minister. It raises a very important question at this time, and—

Some hon. Members: Order.

Mr. Speaker: As I understood the question it concerned the direction of the police. If the hon. member has another question which is in order I will be glad to hear it.

Hon. E. D. Fulton (Minister of Justice): As a matter of fact, Mr. Speaker, if I may be permitted, I think this question relates to another alleged incident different from the one which was discussed on the occasion of the earlier question. It is the same sort of allegation, but it does refer to another incident, and if Your Honour rules that, being another incident, it is in order, I would be prepared to reply.

Mr. Speaker: What I was attempting to avoid was spending the time of the house on matters which are not the responsibility of the ministers to whom the questions are addressed. If the minister considers this is a matter of his responsibility, I have no objection to the question being answered.

Mr. Fulton: I did receive a telegram as referred to by the hon. member. I have, of course, not seen the statement alleged to have been made by Inspector Stevenson, and I doubt if he made it in the form in which it

is reported in the telegram. What happened was that there was a roadblock on a public road, and the R.C.M. police, acting in accordance with their responsibility under the provincial contract to maintain communications and preserve law and order, sent out a patrol to ensure that the obstruction was removed from the public road. The R.C.M. police did not escort anyone through the picket line and have not yet escorted anyone through picket lines; they acted in order to maintain communications and prevent disorders from breaking out.

GRAIN

INQUIRY AS TO REPORT ON ALLOCATION OF BOX CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Can the minister say whether the Bracken royal commission report on the allocation of box cars, which is in the hands of the printers, will soon be tabled in this house; and can he say further what action the government intends to take on this report?

Hon. Gordon C. Churchill (Minister of Trade and Commerce): The report will be tabled in the house as soon as it is received from the hands of the printers. The action which may be taken will be announced in due course.

Mr. Argue: Mr. Speaker, since the report was delivered on January 21 and is in the hands of the printers, I wonder if the minister would twist the printer's arm so this report may be made public soon?

OLD AGE SECURITY

REPORT OF DR. CLARK—INQUIRY AS TO RECOMMENDATIONS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I would like to ask the Minister of National Health and Welfare, in view of the fact that I, at any rate, have not been able to find any recommendations in the Clark report, whether Professor Clark was asked by the government or any of its members to make recommendations of any kind, either written or verbal, in addition to his published report.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I answered that question the day I tabled the report. The terms of reference are in the report itself.

[Mr. Fulton.]

Mr. Pickersgill: Perhaps I could put a slightly different question to the hon. gentleman as a supplementary question. Was Professor Clark asked to do anything for the government except prepare this report?

Mr. Monteith (Perth): I think, Mr. Speaker, the terms of reference do answer that question.

PUBLIC ACCOUNTS

MOTION TO REFER CANADA COUNCIL REPORT TO COMMITTEE

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That the report of the Canada Council for the year ended March 31, 1958 laid before the house on July 10, 1958 be referred to the standing committee on public accounts in order to provide a review thereof pursuant to section 23 of the Canada Council Act.

He said: Mr. Speaker, I do not propose to make any statement at this time except to point out that under the statute, chapter 3 of 1956-57, section 22 and section 23 read as follows:

22. The accounts and financial transactions of the council shall be audited annually by the Auditor General, and a report of the audit shall be made to the council and to the member of the Queen's privy council for Canada designated under section 23.

23. The chairman of the council shall, within three months after the termination of each fiscal year, submit to the member of the Queen's privy council for Canada designated by the governor in council for the purpose a report of all proceedings under this act for that fiscal year, including the financial statements of the council, and the Auditor General's report thereon, and the member so designated shall cause such reports to be laid before parliament within fifteen days after the receipt thereof or, if parliament is not then sitting, on any of the first fifteen days next thereafter that parliament is sitting and provision shall be made for a review thereof by parliament.

The hon. member for Vancouver Quadra suggested at the time this legislation was introduced that there should be some control by parliament over the expenditures of the Canada council, and it is pursuant to this that the section was accepted at the time. My understanding is that if this motion is acceptable a committee of this house will be set up, and in the other place the action taken will be to submit a report to the finance committee. The hon. member for Port Arthur (Mr. Fisher) referred to this matter on one occasion. I think it is generally agreed that an examination would be beneficial not only to the council itself but also to hon. members of this house.

Hon. L. B. Pearson (Leader of the Opposition): We have no objection to this motion. In fact, we support it, and feel that the

report of the Canada Council should be submitted to the standing committee on public accounts where I hope it will receive careful, serious and objective consideration.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, we are very much in favour of this motion. One of the questions which comes to mind is whether it would not have been better to have left this until later in the session so that the more recent report might be before the committee. I suppose it could be argued that a year's interval since the last report would enable us to look at this subject in better perspective. But I think there have been many press releases made by the council since the time of the last report, and it seems to me that the council's activities are moving at such a speed and on such broad lines that we should try to keep up with them. It seems to me that we have a special responsibility so far as the Canada Council is concerned. I should like to make one of my points by reading from a report criticizing the council which was written by Richard Jackson of the Ottawa bureau of the Sudbury *Star*. The article is headed: "Culture Vultures may 'get lumps'" and it says, in part:

> The Canada Council and the $100 million it got for the promotion of the arts—through the National Gallery and the National Museum among other agencies—got the former Liberal administration into trouble.
>
> It was knocked publicly on the basis that it amounted to a $100 gift for the eggheads at a time when the old age pensioners were being given a stingy $6 increase.
>
> Dr. Albert Trueman who was appointed to run it, didn't help. He had a built-in reputation for extravagance and disregard of the tax dollar that did neither he, the Council or culture much good.
>
> For he was the civil service brass hat who got his knuckles rapped, in the days he ran the National Film Board, for buying television sets at public expense for his staff.

This sort of comment is, in my view, nonsense. It is worthless, but it is the kind of criticism we can expect to find in certain quarters about the activity of an organization such as the Canada Council. I recall one man who whenever he got going on this theme used to refer to "culture vultures" or "those long-haired nut boys". It seems to me we have to keep a balance in this regard if we are in any way interested in education or the arts. We have just been talking about deficiency payments on grain. Well, the Canada Council represents the making up of a tremendous deficiency in the two fields I have just mentioned.

I would say the council is doing an excellent job. I could think of a number of criticisms, and I can think of one that is current in university circles, namely that too much of the endowment funds have been devoted to the building of residences and having those residences qualify under the arts and humanities provision by putting in reading rooms. I know that a good many hon. members of this house who are familiar with university residences will realize that the reading rooms, however genteel and pleasant, are not the most important part of the building. This may be an example of an area in which the Canada Council should watch its expenditure. At the same time, no one who has been around universities will fail to agree—and I know you will not, Mr. Speaker—that residence requirements are very urgent. I know that you and other hon. members have been pressing the Minister of Public Works (Mr. Green) in this connection.

One of the other things we must keep in mind in connection with the Canada Council is that pressure by people with political influence in so far as scholarships and grants are concerned should be kept to a minimum. One of the general observations I would make about the academic and arts communities in Canada is that they are a little bit tarred with the puffing attitude to which we have become accustomed over so many years with respect to all Canadian literary and artistic achievements. We tend to blow them up more than they really merit by world or by North American standards.

And I think this sometimes applies to the kind of references which must be forthcoming from the Canadian academic community with regard to scholarships. This is a question which must occur to anyone who looks at the format of the various scholarships. I believe that the Canada Council should ask applicants to be as factual and as bald as possible. One could possibly find, reading the list of the people who have received scholarships so far, some who did not deserve them on merit. At the same time the list is a wonderful thing to look at when one remembers that until a few years ago the people in the fields of science and engineering had so many more marvellous opportunities for scholarships, both pre-doctoral and post-doctoral. This program has been a wonderful incentive to everyone in the arts faculties in Canadian universities.

I cannot finish my comments on this without saying how pleased we were in our particular area about having our own lakehead college of arts, science and technology recognized by the council. One of the things that concerned me when the early grants were going out was that contributions were going largely to the big establishments already in existence. It appeared from the first grants that those who already had were going to get, and that the new and

developing institutions which were going to mean so much to secondary and higher education were going to be left out. The latest list of awards scotched that feeling and indicates that the Canada Council has a wide point of view, and makes it clear that the growing and hopeful universities developing in northern Ontario, in Sudbury and in North Bay, are going to get a certain amount of help from Canada Council grants.

Perhaps this may destroy the validity of some of my early remarks about people in politics not pressuring, but there is one particular topic I should like to see supported by the Canada Council. Under the general principles outlined in the annual report on page 25, this particular project would not seem to qualify for grant. Nevertheless, I think this project should be dear to the hearts of all members of parliament because it relates to the collection of information which is of particular usefulness as far as parliamentary speeches are concerned. The Canadian library association is in charge of a project called the Canadian periodical index. Each year it indexes a host of Canadian periodicals, and any time one signs a request to the library in this area of research it is almost certain that this particular index will be used. Unfortunately this index is on a service basis, and we do not have in Canada at this time a wide enough demand for this kind of service.

Mr. Speaker: I wonder if the hon. member would allow me to interrupt him in order to comment on the course his remarks are taking. He has introduced with great ingenuity the subject of deficiency payments in connection with the reference to a committee of the report of the Canada Council. I should think the debate is not really a debate on the subject matter of the report of the council, though perhaps a few general observations about why the committee should deal with this report, or why it should not deal with it, would be in order. I would ask the hon. member to keep his more detailed observations about the report for that time when it is before the committee.

Mr. Fisher: I stand rebuked in that particular regard, Mr. Speaker, and will content myself at this time with asking the Prime Minister (Mr. Diefenbaker) a question. I would assume that the officers of the Canada Council will appear before the committee. Does the Prime Minister believe that a certain amount of the work of that committee should deal with the policy of the Canada Council? I would like to know what the scope of that committee will be. I know he may say that is for the committee itself to determine but I believe he is also aware that his attitude will be very powerful in determining the scope of the committee.

Mr. Speaker: May I inform the house that if the Prime Minister speaks now he will close the debate.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I shall follow the commendable example of the Leader of the Opposition (Mr. Pearson). I do not want to do anything to hold up the motion.

With respect to the question raised by the hon. member for Port Arthur I do not want to leave myself open to any suggestion that the course, scope, ambit or field of study of the committee will in any way be determined by me. That is a matter for the determination of the committee. Having regard to past experience I am sure that were I to suggest the course of that committee in any way the hon. member for Port Arthur would be the first to raise the strongest possible objection.

Motion agreed to.

MOTION TO REFER AUDITOR GENERAL'S REPORT AND CANADA COUNCIL REPORT TO COMMITTEE

Hon. Donald M. Fleming (Minister of Finance) moved:

That the public accounts volumes I and II and the report of the auditor general for the fiscal year ended March 31, 1958, and the financial statements of the Canada Council and the report of the auditor general thereon for the fiscal year ended March 31, 1958 be referred to the standing committee on public accounts.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I do not think there is any need for any extended discussion of this matter by hon. members of this group. I commend the government for introducing this motion and particularly for pinpointing the report of the Auditor General as an early matter for discussion by the public accounts committee. I believe it has been rather fundamental in our practice in all years except last year that precedence is given at the beginning of the sittings of the public accounts committee to consideration of the report of the Auditor General. I understand that the steering committee has already met and indicated that we are likely to follow this practice again this year and that this will be the first item of business before the committee.

Motion agreed to.

FISHERIES

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Howard C. Green (Acting Minister of Fisheries) moved:

That items numbered 127 to 145, inclusive, as listed in the main estimates for the year ending March 31, 1960, relating to the Department of Fisheries, be withdrawn from the committee of supply and be referred to the standing committee on marine and fisheries, saving always the powers of the committee of supply in relation to the voting of public moneys.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, all I want to do at this stage is restate the position we took originally on this motion. We think that the withdrawal of these estimates from the committee of supply and their reference to the committee on marine and fisheries is a waste of time. We believe that to be the case because there are so many other things to do while the house is sitting and while we are getting ready for our work here. When these estimates come back from the committee they will all be discussed again and there will be no gaining of time as a result of this.

My purpose in rising is simply to restate the position we took earlier and to say that the sending of these estimates to the committee will save no time but on the contrary will result in a great deal of lost time.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to say a few words on this matter. I believe it is an important question but our position may be expressed in a few words. It would be most difficult if all the estimates of the house were referred to committees. It would make it almost impossible to carry on and it would certainly be impossible if the committees were to sit while the house is sitting.

On behalf of this group I want to say that the sending of departmental estimates to specialized committees or to the estimates committee is a useful practice. It is of interest not only to hon. members of these committees but to the public in general whom they represent if on periodic occasions at least certain departmental estimates are referred to a committee for particularized study. A committee calls before it officials of the department concerned and hon. members are able to conduct an interrogation and obtain information and answers it would be impossible to obtain on the floor of the house.

As far as this group is concerned as long as not too many estimates are referred at one time and as long as committees do not sit when the house is sitting we would say that judging even from the brief experience last year this is a good principle and should be continued. Fisheries are of vast importance to the maritimes and to British Columbia and we in this group will support the present motion.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I am very grateful for the support given to this motion by the hon. member for Vancouver East (Mr. Winch) on behalf of his group. I cannot quite understand the attitude being taken again today by the hon. member for Laurier (Mr. Chevrier). I think he will agree that in years past the committees have not been given sufficient work to do and that in many cases the estimates of the departments could have been considered by a committee much more effectively than is possible when the house is in committee. Let us remember that these estimates always come back from the standing committees to the committee of the whole house.

Some years ago a start was made in having a standing committee consider estimates when the committee on external affairs was set up. As I have said on numerous occasions when discussing this subject in the house, that external affairs committee from the very beginning has done excellent work. The Secretary of State for External Affairs (Mr. Smith) and the under secretary have always appeared before the committee and been interrogated. General McNaughton has been called and any other officials who could throw any light on the functioning of the department have been quite ready to appear. I believe that the result has been a highly efficient and thorough consideration by the committee of the work of the Department of External Affairs.

Last year we set up a standing committee on veterans affairs. The same course is being followed in that committee with the same good result. I do not understand how anybody can reasonably criticize the work being done by the veterans affairs committee in considering the estimates of the Department of Veterans Affairs.

I explained to the house last year that in the interest of efficiency and for no other reason we were going to try out the same system of referring the estimates of this and of some other departments to a standing committee of the house.

There was a committee on mines, forests and waters, which had not met once during the whole term of the Liberal government. From 1935 to 1957 I do not believe that committee was ever even called although it could have and should have been considering

questions which were of the utmost importance to the nation. Last year we referred the estimates of the Department of Northern Affairs and National Resources to that committee and also the estimates of the Department of Mines and Technical Surveys, and I have never heard any complaint from any member of any one of the three parties who served on that committee about the work that was done. I think it was the unanimous opinion that that committee did splendid work. This year it has been considering the estimates of the Department of Mines and Technical Surveys and from what I heard by the grapevine it is again doing splendid work. It is the intention of the government to refer the estimates of the Department of Northern Affairs and National Resources to that committee within the course of the next week or two.

The only other estimates which we are referring to a similar standing committee are these estimates of the Department of Fisheries. There again you have a specialized field. It is of great value to those members who are interested in the fisheries problems to have the minister, the deputy minister and the other officials of that department come and subject themselves to cross-examination. I do suggest that nothing but good can come from the deliberations of the standing committee on marine and fisheries in considering these estimates of the Department of Fisheries.

Mr. Chevrier: May I ask a question of the house leader? How many of those estimates are being referred to committees; how many of the departmental estimates are being referred to committees? What difference is there between those estimates and the estimates of the Department of Transport which it was decided were to remain in the committee of the whole?

Mr. Green: Now I see why the hon. member for Laurier did not want to have the estimates of the Department of Transport referred to the standing committee on railways, canals and telegraph lines. Last year we did refer the estimates of that department to that committee and I believe it did good work. This year, because the hon. member for Laurier was complaining so loudly about not wanting to have them referred, I fell in with his wishes and assured him I was not going to ask to have them referred. Now he comes out and asks, since we are not referring the estimates of the Department of Transport, why are we referring the other estimates? I did not realize that this was a come-on game he was pulling on me when he asked us not to refer the estimates—

Mr. Chevrier: Is there any difference?

[Mr. Green.]

Mr. Green: Yes, of course there is a difference. I departed from the practice of referring the transport estimates to please my good friend.

Mr. Chevrier: Why does the minister not please me a second time?

Mr. Green: I am afraid he is not going to be pleased no matter what we do.

I think the only other standing committee which will be considering estimates this session will be the estimates committee itself. To that committee we have already referred the estimates of national revenue and I presume there will be one, two or perhaps three other departments whose estimates will be referred to that committee, depending on the work it does.

I think we are entitled to a few good marks also for getting those estimates referred early in the session and getting the work done before the great rush of the last few weeks of the session commences. Under present conditions there is very little need for the committee to meet while the house is sitting and we are hoping that those estimates which have been and will be referred can be considered at sittings held in the morning so that nobody need feel that he is being overworked.

Really, we are trying to do the business of the House of Commons in a more efficient way than was the practice under the former government and we think we are succeeding.

Mr. Richard (Ottawa East): You are saying so.

Mr. Green: I think so. I think the hon. member for Ottawa East thinks so, too, even though he will not admit it. However, this motion is being made with the best of intentions and, as I said at the beginning, I am very glad to see that at least the hon. member for Vancouver East (Mr. Winch) and his associates in the C.C.F. party realize that we are trying to do something for the benefit of the country.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Mr. Chevrier: On division.

Motion agreed to on division.

LIVESTOCK

REFERENCE OF SUBJECT OF HUMANE SLAUGHTER TO COMMITTEE ON AGRICULTURE

Hon. E. D. Fulton (Minister of Justice) moved:

That the subject of humane slaughter of food animals be referred to the standing committee on agriculture.

He said: Mr. Speaker, I appreciate, as I know the house will, that it is now some time since the government first undertook to introduce legislation which will ensure that food animals in Canada are killed by humane methods. The fact is that it has been a most difficult and complicated problem to devise legislation which would be effective and at the same time be fair and workable. I should like to give the house a brief history of the efforts we have made to accomplish this objective.

This government from the outset has accepted the necessity of additional legislation to ensure that humane methods are used in the slaughter of animals in Canada. This in itself marks an important step forward, for the fact is that our predecessors never accepted this position, or if they did they refused to consider that it was necessary or possible for such legislation to be introduced by the dominion government. There is as a matter of fact quite a lengthy history of discussion of the problem in the House of Commons and elsewhere, a history of efforts being made by members of the Conservative party when in opposition, on their own behalf and in support of the position taken by humane societies, to persuade the former government to take action and of the refusal of that government to do so. However, I shall not go into the details of the earlier controversy but will confine myself to an outline of the steps taken since we assumed responsibility and undertook to introduce legislation to carry out our policy in this field.

It is interesting and significant to note that since we have first begun to move in this connection the idea of legislation has not been opposed by the main spokesmen for the meat packing industry. In fact, their representatives on the meat packers council of Canada have at all times in their discussion with us agreed that legislation in this field is necessary and desirable. They have never opposed our efforts to find a practical legislative formula; their concern has been to find a suitable and fair scheme of legislation. They have co-operated with us throughout in working to this end.

At this point I should express the very real appreciation of myself and my colleagues in the government for the work done and the help we have received from all those who have been involved in this problem. I refer especially to the initiative shown by the various humane societies across Canada and their individual representatives; also to the co-operation of the meat packers council of Canada and the very extensive research that they have carried on. In general, although there has been some conflict and differences in points of view between those two organizations they have worked with a good deal of co-operation and harmony to achieve the desired end.

I should also express our appreciation to the officials of the department of my colleague, the Minister of Agriculture, who for a number of years now has maintained a close and active liaison with the other organizations engaged in research in this field and also carried on extensive research on their own to develop humane killing methods which would be practical and applicable to the Canadian industry. I should mention also the work of the officials of my own department who have laboured long and earnestly, as the members of this house know, to devise legislation which will meet the problem. Finally, I should express thanks to our own members of parliament who, throughout the past two years, have given the benefit of their study and advice.

Our first approach to the problem was to seek an answer through the medium of the Criminal Code. There is already a general provision in the code regarding cruelty to animals, and inasmuch as the criminal law is within dominion jurisdiction, it seemed to us a logical approach to seek an answer by way of amendment to that provision.

A bill was accordingly drafted by my department during the first session after the election of 1957. This bill was introduced on December 21 of that year as Bill No. 241, and was given first reading on that date. In a statement reported at page 2713 of *Hansard* I outlined the government's approach and intention, emphasizing that the object in introducing the bill and giving it first reading only was to make it available to the house and the country for study. I stated that we recognized that this is a difficult and complicated problem, and that we hoped to receive the advice of all those concerned, including especially the provincial attorneys general who would be responsible for enforcement of the proposed law, with a view to studying their comments and removing any defects or weaknesses that might be shown to exist before reintroducing the legislation at a subsequent session.

As an indication of the government's approach to the problem that had to be solved, I should refer to the following quotation from that statement:

There is, then, general agreement that humane methods of slaughter exist and can be made

applicable in Canada although there are still some problems to be solved. In considering our course of action we have had to bear the following factors in mind. First, that there is a measure of divided responsibility, and that in any criminal legislation to be introduced we must bear in mind that the responsibility for enforcement rests with the provinces. Second, that hasty action on the part of the government might force out of business abattoirs and packing plants and could result in a shortage of such commodities as bacon, etc. Third, that impracticable or unenforceable legislation does more harm than good. Fourth, that the provinces have an interest in the matter especially from the point of view of enforcement, and therefore should be consulted.

Following the introduction of that bill, and its distribution by us to various interested organizations and officials, we did receive some comments. These came mainly from the attorneys general of the provinces, six of whom replied to our letter. To be quite frank about it, Mr. Speaker, I must say that the attorneys general greeted the draft bill with something less than enthusiasm. The general effect of their comments was to question whether the bill as drafted was really sound criminal legislation, and two or three of them raised very serious questions about the problem that would arise with regard to its enforceability. We also received replies from some of the humane societies and others, these replies being generally favourable to the proposal.

We accordingly studied the matter further to give effect so far as we could to the observations that we had received. I must admit that in view of the criticisms that had been made we had some reservations about the course being followed, but after we had worked further over the bill in our department we felt that we had made a substantial step toward removing the objections, and accordingly introduced a further bill in the session following the election last year. This bill proceeded on the same basis as the earlier draft, namely by way of an amendment to the Criminal Code, and was given first reading as Bill C-32 on June 25, 1958.

I should tell the house now that we had been somewhat surprised that we had received relatively few comments and suggestions after the original bill had been introduced and made available for distribution. The fact is that it was only after Bill C-32 was introduced in June of last year that we began to receive some of the representations and suggestions we had hoped to receive earlier and which we had invited. These representations now came from a wide variety of sources and indicated a very real and legitimate concern about the effects of the new proposed legislation. Meetings were at once arranged with all those who indicated a desire to meet with us and very full discussions were held in an effort to assess the exact nature of the problems raised in each case and the merits of the criticisms or suggestions advanced. Following these meetings, we made a further study of each proposal in an effort to see if we could amend the legislation to meet those points which we found to be substantial.

I will not take the time of the house at this stage to particularize all the criticisms and suggestions we received or the efforts we made to meet them. It will be enough to say that a number of them seemed to be substantial and legitimate. For a more detailed discussion of the situation in which we then found ourselves I would refer the house to my statement made on September 6, 1958, reported at page 4705 of *Hansard* for that date.

In essence, we found that in order to ensure the realization of our objective by way of legislation under the Criminal Code, and yet meet all the legitimate objections and criticisms which had now been raised, we would have to particularize to such an extent that it was doubtful whether the final result would be sound criminal legislation. We were driven to the conclusion that what would emerge would amount almost to a form of regulation rather than legislation, and it became very doubtful whether such a form of enactment would stand up as valid criminal law.

At this point, I should make it clear that the objections we received at that stage were not, as has sometimes been suggested, made by large packing concerns, but came in the main from some small individual packers, from religious organizations concerned with the question of ritual slaughter, and from individual farmers and farm organizations. In the result, we came to the conclusion as I advised the house at that time, that it was not possible within the time at our disposal before the end of the last session, to find a legislative formula which would resolve all the objections which had been brought to our attention. I, accordingly, advised the house that it was not our intention to proceed with Bill C-32 at that session, but to study the matter further and then refer the whole question at this session, together with the government's suggestions, to an appropriate committee of the house. As I then said:

It is my hope that in the meantime all concerned will give the matter further consideration and prepare their submissions, so that at an early date next session the committee may proceed with its study and hear evidence which should be helpful in enabling parliament to determine the best course to follow in bringing about a solution.

It may be helpful to the house and to the committee if at this point I summarize the

objections which we had received and which we felt raised points of substance, and which indeed led us to question whether it was possible to find a satisfactory answer by way of criminal legislation. The main objections are as follows:

1. The best provision that could be devised for the Criminal Code failed to meet the legitimate demands of almost every interested group. This is illustrated by the following paragraph from my statement of September 6, 1958, which appears at page 4705 of *Hansard*:

> The submissions which raised new considerations deal with such points as the problem of providing for those cases where slaughter, or preparation for slaughter, is carried out in conformity with certain religious ritual; the designation of approved appliances; the availability in Canada of equipment necessary particularly in the case of certain classes of animals; the desirability of defining 'humane method' in advance so those installing certain devices will know for certain that the expenditures made will not be thrown away; the problem of legislating in such a way that large commercial slaughterhouses will be covered without at the same time imposing conditions which it is impracticable or impossible for small concerns or individual farmers to comply with, all matters which present real problems when criminal legislation is concerned.

2. Any provision prepared for the Criminal Code in an attempt to meet all or most of these points would have to be so limited or hedged about with qualifications that there must be some doubt that it is a valid criminal law.

3. A Criminal Code provision must yet contain some such general expressions—such as humane slaughter—that it will be given different meanings in different parts of Canada, and even by different magistrates in the same general localities.

4. It cannot be expected that local police authorities could obtain anything like 100 per cent compliance with such a provision in the Criminal Code. Enforcement would call for a specialized type of enforcement officer who would not be available to most of the police forces, and it was indicated to us that, in any event, more pressing problems of criminal law enforcement would, as far as our police forces are concerned, take priority over the inspection of packing houses.

5. A Criminal Code provision might force out of business many smaller plants who found that they could not afford the expensive type of installation which would undoubtedly be used by the larger plants and who, finding themselves unable to afford these sure-fire methods, would not be prepared to run the risk of using some other method and thus the risk of being branded as criminals. Such a development would have the effect of further concentrating the meat packing business in the hands of a few large organizations.

6. The attempt to particularize in order to meet legitimate objections would have the effect of turning the bill into a form of regulation rather than legislation and thus into one of doubtful validity as criminal law. On the other hand, or on the other side of the picture, if we merely enact a Criminal Code provision of broad general application in order to meet that objection, this would have the effect of extending its scope to such an extent as to make potential criminals out of farmers who kill animals on their own farm for their own consumption, for which purpose it is obviously not sensible to require the installation of expensive slaughter devices.

In the face of these formidable difficulties we sought an alternative approach which would not be open to this type of objection. We accordingly turned our attention back to a consideration of the Meat and Canned Foods Act which we had previously considered but had rejected in favour of the approach by way of the Criminal Code. That act provides for inspection of all animals intended for slaughter in any establishment as defined in the act, and also authorizes the governor in council to make regulations for the carrying out of the provisions of the act. In view of the difficulties we had encountered under the Criminal Code approach, we came to the conclusion that a satisfactory alternative might well be found by way of amendment to the Meat and Canned Foods Act which would establish, or give power to establish, the conditions and methods by which slaughter must be carried on in any establishment in order for it to conform to the requirements of the legislation.

I should point out that when we had considered this possibility previously it had been rejected on the grounds that there was at that time no agreement as to whether specific humane killing devices then being considered would in fact be effective or feasible for use in commercial operations. In view of this disagreement and uncertainty at that time it did not seem wise to contemplate making regulations requiring the use of specific devices about whose suitability there was such widespread question.

Since then, however, there has been a great deal of further active research. New devices have been discovered, and devices already in existence have been modified and perfected, particularly in the case of electrical stunning machinery. As a result of our latest discussions with experts in this field, we now

believe that it is practicable to make regulations which can be adapted to different types and sizes of operation, and yet ensure that in each case a properly supervised and workable method of humane killing will be installed.

There are, it is true, advantages and disadvantages to both approaches. In view of the advances and discoveries which have recently been made, however, the approach now being discussed by way of amendment to the Meat and Canned Foods Act seems to be the most feasible one. The main considerations in its favour are as follows.

1. Since it is obvious that what is needed is regulation and supervision, action under the Meat and Canned Foods Act, which in its very essence is an inspection regulation scheme, will accomplish the objective most readily without any question of jurisdiction or validity of that legislation.

2. The regulation under such an inspection scheme will be effective, uniform and scientific, and enforcement will also be uniform and effective, because enforcement will be under the supervision of one authority instead of widely diversified authorities with different interpretations resulting in confusion and hardship to a legitimate industry. Trained inspectors will be available for the purpose.

3. Under such a proposal, the necessary detailed regulations can be made which will permit the ensuring of the over-all objective while at the same time adapting the requirements to the circumstances and needs of individual operators. Without relaxing the over-all standard—namely that killing must be by a humane method—nevertheless there can be variation, under an effective scheme of supervision, as between different sizes and types of operation. Thus the absence of the element of rigidity necessary in criminal legislation will avoid making criminals out of those who have no criminal intent.

4. This new approach should remove the objections which have been made by so many under the other approach, especially the objections of law enforcement officers, and thus should ensure that the objective is achieved with the co-operation of all concerned instead of arousing potential hostility and criticism from provincial authorities and farm organizations.

In the foregoing, Mr. Speaker, I have tried to summarize for the house the salient features of both these proposals which the government has so far worked out. From what I have said, I think it will be obvious that our view at present is that the second proposal is the best and most practicable way of achieving the objective upon which, I am sure, all are agreed. But the main purpose of this resolution is to enable a committee of the House of Commons to study the whole question and to decide for itself what course it thinks is the best one to follow. It is the view of the government that in a matter of this kind we should not take rigid positions, and that the members of all parties should have an opportunity to hear and consider all the suggestions that may be advanced as to how the problem should be solved.

The government proposes therefore to make available to the committee, if this resolution carries, two draft bills, one embodying each of the proposals that we have so far had under study. The government will welcome the assistance of the committee in perfecting either of these proposals or, if the committee wishes, in working out and recommending any new legislative scheme which commends itself to the committee.

By referring this subject in this way to the standing committee on agriculture, the house will ensure that the fullest and freest inquiry is made to enable members to arrive at a determination of this problem. I should remind hon. members of the terms of reference of the standing committee, as found at page 803 of *Hansard* for February 9 of this session. By the usual routine motion made by the Prime Minister (Mr. Diefenbaker) immediately the committees were constituted, this house provided:

> That the standing committees of this house be severally empowered to examine and inquire into all such matters and things as may be referred to them by the house, and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

If the resolution is adopted the committee would be enabled immediately to commence its inquiries and to call before it representatives of such interested bodies as may wish to come or the committee may wish to hear and whom the committee considers qualified and able to assist it in its study. The government of course will be only too glad to co-operate with the committee in making available officials from the Department of Agriculture and my own department, or any others who may be desired, to assist and advise. Since the committee is empowered to report from time to time its opinions and recommendations it will be possible for the committee to recommend which course it thinks most suitable or, if it wishes, to suggest some alternative proposal. It is our hope that the committee will commence this important work without delay. There are, I know, several organizations who are prepared as soon as they receive word to appear before the committee.

Mr. Speaker, the government regrets, as I know all members of the house do, that the difficult and complicated nature of this

problem has so far prevented a final solution. But I believe we are entitled to take some credit for the efforts that have been made so far; it is also fair to say that as a result of these efforts, and as a result of the readiness of this government to look for and implement an acceptable course of action, we are now very near a final solution. If this resolution passes, as I trust it will, then with the help of the committee to whom this subject is now being referred we expect and intend to bring in legislation at this session.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, this is a very simple resolution and one with which we find ourselves in complete agreement. Indeed, there is hardly any basis for disagreement, because the resolution simply proposes to send the subject of humane slaughtering of food animals to a standing committee. The motion itself does not give any direction to the committee, and the minister implied that this was not necessary because that is taken care of in the terms of reference of the standing committee on agriculture.

However, after listening to the long history of this subject and the experience which the minister himself has had now since he took office and became interested in this matter, and since he introduced bills to deal with this problem, one cannot help but think that the committee would be in a much better position to advise this house and help the government toward a solution of this problem if it were presented with a bill or some legislation upon which we could go to work. A study—

Mr. Fulton: Excuse me, but perhaps the hon. member missed the passage in which I said it is our intention to lay before the committee two draft proposals, one which we think is best and one which we think is second best, so that the committee will have something concrete with which to work.

Mr. Carter: I am very sorry. I knew there was reference to two bills, but I missed the point where the minister said it was to be referred to the committee.

Mr. Fulton: They will be made available.

Mr. Carter: Yes. They are draft bills only. Of course, this subject appeals to all of us, because the subject of the prevention of cruelty to animals certainly appeals to our humanitarian instincts. I think everybody would agree that that principle should be incorporated in our legislation. But if we bring in legislation at this time to deal with this problem no doubt we will take a great deal of credit upon ourselves, as the hon. minister has already done for his efforts in this matter and as other countries have done who have already brought in similar legislation. However, I cannot feel very proud of the fact that we, as Canadians, are so insensitive and callous about animals that this kind of legislation is necessary. Surely it does not reflect very much credit on our attitude toward animals if such a thing is so widespread that it can be dealt with only in this way. Speaking personally, I think this legislation, while it may afford some sort of answer, is certainly not the best answer. Education is perhaps a better answer.

The hon. minister has referred to weaknesses in legislation in dealing with this type of problem. Perhaps the main weakness is that having once passed this legislation in this house we will be able to rest our consciences and say that we have done our job. But the end result is what is important. Even if we do pass a bill setting forth certain requirements with regard to humane slaughtering, unless it produces that result we are not any better off. What result is produced by any legislation which we pass in this respect depends, as the hon. minister himself said, upon the provincial authorities, because it is they who are going to enforce this legislation.

One of the things which has caused me concern since I came to the House of Commons is that we have put a great many bills and laws on the statute books and then washed our hands of them because we cannot do anything about them. Certainly if this subject does concern us so much, we should, if we are in earnest about it and want to come to grips with the problem, try to work out some sort of understanding with all the provinces concerned so that we would have their assurance that they, in turn, would make an earnest effort to enforce this legislation to produce the result we want. The fact that the hon. minister mentioned that some of the provincial attorneys general were not too enthusiastic about it does not reassure us that they will make a very great effort to enforce any bill we may pass in this house concerning this problem.

When we deal with the subject of humane slaughtering we are at once up against the fact that it is a very controversial subject. Different peoples and organizations have very different ideas as to what is humane and what is not humane. I do not know how the committee can prevent itself from getting into a sort of academic excursion on this kind of thing. At best, I suppose we can collect all sorts of opinions, but how are we going to get worthwhile scientific advice that a certain course is more humane than another? I was glad that the hon. minister said that the second draft made provision to take care of slaughtering under different situations. For

example, it would have to be realistic, and recognized that the individual farmer, the small concern, would not be in the same position to equip themselves with the necessary equipment as the large packing houses. I think we all heartily agree with that approach. However, I gathered from what the minister said that there were going to be variations in the method, and there would also be variations in the degree of humanity in the method.

Mr. Fulton: I never said that for a moment.

Mr. Carter: I know the hon. minister did not say that, but it certainly could be inferred from what was said.

Mr. Fulton: No. Mr. Speaker, may I be permitted to have the opportunity of clearing up any misunderstanding there might be. The point I was making there was that this would be done by regulation, sanctioned by an amendment to the Meat and Canned Foods Act, which regulation could prescribe a certain type for one type and size of operation, and another equally humane type of installation for a different type and size of operation. As I recall, I said it must be done without relaxing the over-all standard of killing by a humane method, but that under regulation there could be that flexibility to which I referred.

Mr. Carter: I think I understand perfectly what the hon. minister says, but I still do not know how he can be so sure that each method is humane to the same degree. I would think that would depend upon scientific research and knowledge, which I doubt whether the committee would be in a position to assess.

The motion itself refers only to animals slaughtered for food. But if we are in agreement on the principle of humane slaughter of animals, why should it be confined only to animals slaughtered for food? The principle should extend to all animals. Perhaps the minister will tell us he is confining this measure to animals killed for food because these are the only ones which can be given effective protection. But certainly the principle is the same, and we cannot say it is a crime to slaughter animals intended for food in a particular way but that it is not a crime to slaughter other animals in the same way.

Along the coast of Newfoundland we have the seal hunt, and a great deal of concern has been expressed about the methods employed in the killing of seals. These methods have been handed down for generations; they have been born out of practice and perhaps it would not be easy to change them without upsetting the industry. These animals are not taken for food but I think the same principle should apply to them as applies to other animals. I cannot see any logical reason in why a cow, for example, must be slaughtered humanely and why a seal need not be. In addition, of course, there are animals which are slaughtered in laboratories and in colleges for the purpose of research. Animals are also slaughtered in civic institutions which pick up stray cats and dogs and put them to death. Should we not be interested in their fate, too? Why should we confine our interests only to animals we are going to eat, such as cows, pigs and sheep.

To my mind, the principle is important. If we are going to adopt it, and if we really believe in it, let us not limit its application but try to extend it as far as humanly possible. No doubt all these matters will receive due consideration when the whole question goes before the committee.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, our group is most interested in the motion which is now before the house. I may also say I followed with close attention the closing remarks of the previous speaker because I have for a long time been interested in the entire field of legislation concerning the killing not only of animals but of birds; not only in the destruction of seals but also in the trapping of animals to provide furs for beautiful women and of birds to provide feathers for the use of beautiful women. It is a very broad and interesting subject.

However, this afternoon I wish to confine my remarks to the specific subject matter before us in resolution No. 11. We in this group support the motion. Having heard the remarks made by the Minister of Justice (Mr. Fulton), I am able to say that fully and emphatically. We did have a few doubts on the basis of the wording of the motion itself. However, we remembered the interest taken by the minister in this subject of recent years. We remember Bill No. 241 introduced in December of 1957 and also Bill C-32 introduced in June of 1958 and the very definite statements made by the minister that specific action would be taken this session after interested organizations and individuals had had an opportunity to study the bill and its wider context. But we were a little disturbed when we saw in the motion provision merely for the reference of the subject matter to the committee on agriculture. We wondered just what was going on. However, now that we have the assurance of the minister that two draft bills will be placed before the committee on agriculture, we feel a great deal more content. As a matter of fact, we now look forward with a great deal of confidence

to something being done this session, in view of the minister's statement that as far as he is concerned it is the intention to have a bill introduced before the recess if he is able to get the report back in time.

As the previous speaker has pointed out, this is undoubtedly a matter on which there has been some controversy, though not on the question of principle involved. Certainly there could not be any controversy with regard to the principle of the humane slaughter of animals. I noted the remarks made by the minister when he began his statement commending certain organizations for the interest they had taken in this matter.

I should like to add one group to this list —one which I believe he left out inadvertently. I refer to the employees in the packing industry. These are the people who have to do the actual slaughtering and year after year, at conventions of the united packing house workers union, they have asked for legislation which would make humane slaughter of animals compulsory. When one looks at the subject from the point of view of these workers one can really understand the necessity for enacting such legislation. It is true that in this past year some of the packing houses have been making changes but formerly, at any rate, any hon. members who have gone through packing houses would have found animals being killed with sledge hammers. If the hammer hits right, the animal is stunned and that is it. But when you have a restive animal, or an animal with an unusually thick skull, if the hammer just does not hit right the animal does not lose consciousness and one must consider not only the terrible pain suffered by the animal but also the harmful reaction on the human being who has to wield the sledge hammer and who has to go back on the floor to try to knock the animal unconscious. After the sledge hammer, they use what is known as a shackling chain or a logging chain by means of which the animal is hoisted up. Sometimes the chain slips or breaks and the animal falls down from a considerable height on to the floor. It is understandable why the employees are so insistent and unanimous for the need of some changes being brought about.

I know the interest which the Minister of Justice has taken in this matter and I am not suggesting that there has been any stalling, but may I say that I never understand why this country, which maintains that it is so progressive, should be so many years behind the United Kingdom, Denmark and the Scandinavian countries which have been using methods of humane slaughter for many years.

As to referring this question to a committee for further study, I do admit to some doubt as to whether a committee would be in better position to decide which are the best methods of humane slaughter than, for example, the Department of Justice or the Department of Agriculture or the other organizations which are concerned, on the basis of the studies which have been carried out. I am not going to go into that. If the government feels a doubt but knows something has to be done concerning the problem what better procedure could be followed than to refer it to a committee of members of parliament from all parties? That is a basically good principle.

From my own reading and because of my personal interest in this matter I have learned that there are not less than three practical methods for the slaughter of animals. I shall not take up the time of the house in discussing these because this will be a question for the committee. However, I submit that if it is not already the intention, the Minister of Justice or the Department of Agriculture should prepare a factual, scientific presentation concerning the methods of humane slaughtering. As I said, there are three methods. There is what is known as the captive bolt pistol and concussion stunner, the carbon dioxide method and the one mentioned by the minister, the electrical stunner method.

I would like the assurance of the minister that a scientific brief on each of these methods will be immediately prepared for use by the committee setting out any objections that may exist to any of these methods. I have never heard any objections to the first or second methods I mentioned but I understand there is some slight objection to the electrical stunner method because unless the bleeding knife is used very quickly there can be a certain degree of blood coagulation which is not good with respect to certain types of meat when it goes on the retail counter. However, these are matters that undoubtedly will be considered.

At this time I should like to ask an indirect question which I know the minister will answer later. I am interested in knowing what is the interpretation of the words, "the humane slaughter of food animals." I take it that this would include poultry. Millions of fowl are killed for food in Canada each year. There are three methods in current use for the killing of fowl. You may wring their necks, cut off their heads or use an instrument that has many names but which I have frequently heard referred to as an ice pick knife. The latter is reputed to be the most humane method of their slaughter.

I understand that in Europe and in many parts of the United States a sure-fire method of the humane killing of fowl is used. I refer to the electric knife. I am wondering whether the humane slaughter of poultry will be included in the terms of reference of this question? We in this group feel it should be included.

There was one matter on which the minister did not enlarge. Perhaps I can understand why because it is highly controversial and delicate matter for discussion. However, it is not a question we can avoid. I was hoping to hear more from the minister concerning ritual slaughter. I appreciate that it presents a problem but it is a question we cannot ignore. This is a matter upon which there must be a clear understanding.

I personally do not wish to see action taken that would hurt the beliefs of any religious group with respect to their ritual but at the same time I cannot conceive of a religious group, no matter what it is, objecting to some form of humane slaughter. I know that last year this raised a problem in the mind of the minister. I do not have the record here but if I recall correctly the minister explained last year that the question of ritual slaughter represented one reason why the matter will be delayed for further study. I sincerely hope that in the interval an answer has been found that will not interfere with the religious beliefs of any group with respect to dietary practice and that will ensure the humane slaughter of animals.

I believe I have dealt with the main points we in this group have in mind. I am in accord with the approach the minister has taken with respect to priority being given to consideration of the Meat and Canned Foods Act. It is my hope that he will have a bill to introduce at this session. We appreciate the clear exposition given to us concerning what the minister has in mind with respect to the procedure to be followed concerning the bills. We in this group are heartily in accord with this procedure and support the motion now before us.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, there are one or two comments that have been made by speakers in support of the motion which I think should be answered now in order that the answers may be on the record before the committee in so far as the intention of the government is concerned. Of course, the committee is the master of its own procedure but to the extent that it may be of assistance in terms of guidance to the committee it may be useful to have this information on the record.

The hon. member for Burin-Burgeo (Mr. Carter) referred to the difficulty—the sort of moral problem—we have here in enacting legislation in parliament and then perhaps being tempted to sit back and say, "we have now put the legislation on the statute books and so we have done everything that is necessary." As he said, we so often leave it to the provincial authorities to enforce these laws. That indeed was one of the weaknesses of the Criminal Code approach and it is one of the reasons why we felt that a more sound approach—once some other problems had been solved—would be by regulation under the Meat and Canned Foods Act because if it is done by regulation under that act then the enforcement will be a dominion responsibility and the same authority that has passed the legislation will have the moral responsibility of enforcing it thereafter.

The hon. member also mentioned the problem—the moral problem again, if you like,—of passing legislation to deal with one category of animals, namely food animals, and leaving out some others. He referred specifically to the question of municipal pounds and the municipal authorities who round up stray animals and have them destroyed. The only answer I can give to that question is that we can only take action and deal with those things over which we have jurisdiction and control. Where particular municipal authorities provide by bylaw for the destruction of stray or injured animals, I would think that it was no great problem at all for the municipal voters concerned to ensure that the municipal authorities will also see to it that slaughter is done by humane methods.

The same general remarks might be made with respect to one aspect of the speech of the hon. member for Vancouver East (Mr. Winch). I can assure the hon. member for Vancouver East that it is our intention to make our officials, both in my department and in the Department of Agriculture, available to give the fullest evidence, help and advice, if asked for, to the committee both with regard to the legal problems and the implications of those problems and with regard to scientific and technical aspects of humane killing devices. The Department of Agriculture particularly has one or two, if not more, that I know personally, very highly qualified experts who have done a great deal of research in this field, whose evidence would I think be very valuable to that committee.

The hon. gentleman also asked whether the use of words "food animals" in the terms of reference was sufficiently inclusive to permit

of the committee inquiring into the humane killing of poultry. Incidentally, Mr. Speaker, I prefer the words "humane killing" to the words "humane slaughter" because it seems to me to be a contradiction in terms. I think the words "humane killing", while not altogether void of some contradictory aspects, are more logical and fitting to use.

In the draft bill we first introduced under the Criminal Code it is true that poultry were not defined as food animals, the reason being at that time we were informed that there has been no agreement that a device has yet been developed which was capable of application to the poultry killing industry all across Canada. I understand now—this is confirmed by what the hon. gentleman himself has said—there have been improvements made in the methods of killing poultry and, certainly in so far as the terms of reference are concerned, it would be my view that the term "food animals" is wide enough to include poultry. I can see no reason for suggesting that there should be any limitation if the committee wants to look into that. Again, the committee is master of its own procedure. If it wishes to discuss poultry under these terms of reference there would be no reason why it should not.

Lastly, with respect to the matter of ritual slaughter, I recognize fully it is a problem on which I think the committee will want to receive evidence. The problem there is not so much in the slaughter itself, the actual killing of the animal, as it is in the steps which must be taken in preparing the animal for the stroke of the knife. I am informed that, properly carried out, this method of killing the animal is as humane as any method yet devised. The stroke of the knife produces instant unconsciousness, but the problem in large packing plants is to find a method of controlling the animal so that it can be held steady for that scientific stroke of the knife. Frankly, under the Criminal Code approach we found that we either had to make a blanket exception of ritual slaughter, in which case we were told the inference drawn by those concerned was that we were branding their method of slaughter as cruel, —they said, "It is not cruel at all"—or else go into such detail in the proposed enactment that it would not have been criminal law at all; it would have been the purest and simplest regulation and a regulation which, as I said before, was not sound criminal law. It was one of the main reasons why we felt we should go back and have another look at the other approach. Under the other approach it was suggested that we could make detailed regulations which are valid, sound and enforceable as to steps that must be complied with in the preparation of animals for slaughter in accordance with religious ritual which you cannot do under the Criminal Code. Therefore, from that point of view alone it seemed to us that the new approach was much the soundest way to deal with the problem.

The committee will certainly have evidence on that subject before it as well as on all others which will enable it to make up its mind as to what is the best form of legislation to report back to the house.

Motion agreed to.

FISHERIES IMPROVEMENT LOANS ACT

FURTHER AMENDMENTS RESPECTING GUARANTEED LOANS ON FISHING VESSELS

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to provide in the proposed measure to amend the Fisheries Improvement Loans Act, Bill C-30, now before the house, that a guaranteed loan may be made to a person who, at one time, had an interest in a fishing vessel but no longer has such an interest or to a person who desires to acquire an interest in a fishing vessel for the first time.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Howard: Is the minister going to make a statement?

Mr. Fleming (Eglinton): Mr. Chairman, the members of the committee will recall that when the resolution preceding Bill C-30 was before the committee of the whole for discussion on February 24, the hon. member for Queens-Lunenburg put forward a suggestion, which was concurred in and supported by several other hon. members, that the scope of the lending provisions of the Fisheries Improvement Loans Act should be enlarged so that a guaranteed loan might be made to a person who at one time had an interest in a fishing vessel but no longer has such an interest, or to a person who desires to acquire an interest in a fishing vessel for the first time. Such persons are not now included within the lending provisions of the act, and the present resolution is designed to permit the amendment of Bill C-30 to enlarge the provisions of the act in the manner proposed by those hon. members on February 24.

Mr. Pickersgill: Will you call it five o'clock, Mr. Chairman?

The Deputy Chairman: It being five o'clock it is my duty to leave the chair in order to permit the house to proceed to the consideration of private and public bills.

Progress reported.

Mr. Speaker: Order. It being five o'clock, the house will now proceed to the consideration of private and public bills pursuant to standing order 15(3). There being no business under private bills, the house will now take up public bills.

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO PROVIDE FOR PRINTING OF NEGOTIABLE INSTRUMENTS IN BOTH ENGLISH AND FRENCH

On the order:

Second reading of Bill C-9, an act respecting the printing of negotiable instruments in the English and the French languages.

Mr. Pigeon: Stand.

Mr. Godin: Mr. Speaker, on a point of order it seems to me that the hon. member has asked twice that this bill stand. The question is before the house and many members of the opposition groups are interested in this matter and would like it dealt with in a very short time by having a vote taken on it.

Mr. Green: This is not a point of order at all. The hon. member has a perfect right to stand his bill just as the other hon. members have stood theirs. No point of order whatever has been raised by the hon. member.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, may I point out that the former hon. member for Beauce has let his bill stand, as did some other Liberal and C.C.F. members. I am therefore entitled to do so today, if I am not ready.

(Text):

Mr. Speaker: On the point of order, I may say that the hon. member who moves a bill, subject to objection being taken by the government, has the right to pass his turn under standing order 19 (1) which says:

Questions put by members and notices of motions, not taken up when called may (upon the request of the government) be allowed to stand and retain their precedence; otherwise they will disappear from the order paper. They may, however, be renewed.

(2) Orders not proceeded with when called, upon the like request, may be allowed to stand retaining their precedence; otherwise they shall be dropped and be placed on the order paper for the next sitting after those of the same class at a similar stage.

CANADA ELECTIONS ACT

AMENDMENT TO EXTEND ABSENTEE VOTING PROVISIONS

Mr. Frank Howard (Skeena) moved the second reading of Bill C-16, to amend the Canada Elections Act (absentee voting).

He said: Mr. Speaker, the purpose of this bill, as indicated on the order paper, is to so amend our elections act as to allow for a system of voting called absentee voting. Perhaps I should explain that there is confusion sometimes in the minds of some people as between a system of absentee voting and the system of advance polls. The advance polls are special polling days, the Thursday, Friday and Saturday of the week preceding election day, upon which only certain selected classes of people may vote. The absentee system of voting is such as to allow an elector, on the normal election day, to vote at a polling station other than the one in which he is registered. It is an attempt to ensure, to the broadest possible extent, that the right of citizens to vote and the opportunity of citizens to vote at elections are guaranteed.

This bill, while it certainly may not be complete in all details, is as complete as it possibly can be, having in mind our present act. It was patterned after the system of absentee balloting now in effect in the provinces of British Columbia and Saskatchewan. In addition to that, it was drafted in consultation with the very capable law officers of the crown. Not only do we have this system of allowing people to vote if they are absent from their home town on election day in British Columbia and Saskatchewan, but there is something akin to it in the province of Ontario. However, in Ontario the provision is confined to one group of people, namely mariners. This is a system of proxy voting whereby a mariner who is absent may authorize a relative to cast a vote for him.

This bill envisages two types of ballot: one, the ordinary ballot to which we have all been accustomed with the names of the candidates printed thereon, and the other a special ballot paper which would be used by people who were absent from the constituency within which they are registered. This would be a blank ballot in order that the name of the candidate for whom the person wishes to vote may be printed in the blank space or blank spaces if there are multi-member constituencies involved.

There has been a considerable amount of discussion in past years about this, and in every session objections have been raised to the effect that it would be almost impossible to institute such a system as would extend from British Columbia to Newfoundland. The objection concerns the time involved when a person registered in British Columbia happened to be in Newfoundland on election day, and that ballot cast in Newfoundland has to be returned to British Columbia. In an attempt to overcome that difficulty this time the absentee voting is to be confined to the province within which a person is registered or to an adjacent province. In this way, three provinces

could be covered by the absentee balloting provision. An attempt is made also to lengthen the period of time between nomination day and election day. At the moment the act provides for a nomination day 28 days before the election day for ridings in the northern part of Canada in which the people are scattered far and wide. This applies to the riding I represent. The majority of constituencies in Canada have their nomination day 14 days before election day. This bill seeks to make the 28-day period between nomination day and election day universally applicable.

The purpose of this provision is to allow a sufficient length of time to prepare the ballots and get them out to all parts of Canada, that is the special and ordinary ballots. It would also allow the chief electoral officer to compile a list of candidates running in each constituency in the adjoining provinces so that each deputy returning officer, on election day, would have a list of the candidates running in each electoral district from which the absentee voter would be able to vote.

There are many hundreds of people in Canada who are now denied the opportunity to vote on election day because there is no such absentee balloting system in effect. They are denied this opportunity through no fault of their own. These people find it necessary, for business or other reasons, to be away from their home town or away from their home province on election day. I can think of a number of categories of people who find themselves in this situation. I would refer particularly to loggers who, because of the weather or because of their natural desire to get home, may find themselves either working or at some logging camp that is not in the same constituency as the one in which they were registered when the election was called. Fishermen are in somewhat the same position.

Many fishermen are not now able to fall within the provisions provided for them on advance poll voting, especially when they are some distance from the mainland and when they are away from their home town and when they operate out of camps and so on such as we do on the west coast. The advance poll system is not of too much benefit to them. The absentee system of balloting would afford them an opportunity to cast their ballot in the way that many others of us have the right to do. Our construction workers likewise move from one project to another, often times working for the same company. For some reason or another they are transferred to a different construction project and find themselves unable to cast their ballots. This absentee system would afford them that opportunity. Transport employees are in somewhat the same category as are fishermen. Provision is there for advance poll voting but many of them do not find themselves at home within the three days which are allowed for advance poll voting.

Lawyers are another group of people who would be affected. On the day after the election in June, while I would not say I was accosted, I was speaking on the street with a good friend of mine who is a lawyer. I may say that I have a friend who is a lawyer. He was upset because he had been denied the right to vote because he had been away from his home town on a case. He was obliged to go to a sitting of the county court on election day. He had to go to some city, at any rate—I think it was of the county court—and he could not cast his ballot. Under this system he would be able to do so. Then travelling salesmen might be mentioned.

The list could be almost as long as your arm of people who, because of the category of work they have, because of demands on their time, because of the necessity of moving or travelling, find that they are not able to ballot. Candidates are in somewhat the same position, although there is some provision for them. The Prime Minister (Mr. Diefenbaker), for instance, in his cross-country tour at election time could easily find himself away from his home constituency. I do not know whether that is Prince Albert or Ottawa. Whatever it is, however, he could very easily find himself away from it and not be able to cast his ballot for the candidate of his choice, whoever that might happen to be. The other cabinet ministers could certainly find themselves in the same position.

In recent years there has been some talk about cutting down the period of time for campaign purposes by reducing the number of days between the calling of the election or the issuance of the writ of election and election day itself. Those who believe that this is necessary, or believe that it should be done, believe that with the improvements in the mediums of communication and such we do not need a two month or three month period for election campaigns. They are also of the opinion that in order to cut down the time of holding elections we should have a system of permanent registration of voters. We have that system in some provinces. While a permanent voters' list is not provided for in this particular bill, nevertheless I think it is an integral part of establishing a system of absentee balloting, although it is not absolutely necessary. But if we are going to curtail the period of time for election purposes, we may find the result

to be as has happened in the province of British Columbia where we did curtail that time. We found that the period for registration of voters is also curtailed and that people's opportunity of even getting on the voters' list is lessened much more than it is at the present time.

I am not particularly married to every word that is in this bill of which I have now moved second reading. I am concerned about the principle of ensuring to the greatest possible degree that people have the opportunity to exercise their right to ballot. As I have said, many hundreds are now denied that right for one reason or another, through no fault of their own. The speech from the throne indicated that the elections act would be referred to the standing committee on privileges and elections. I for one wish that the government would hurry up and do it before this session is over so that we could start consideration of it. But, as I said earlier on another bill, if any hon. member would like to make a motion that this bill be not read a second time but that it be referred to the standing committee on privileges and elections in order that they may deal with the subject matter only of the absentee ballot and report thereon to the house, I should be more than happy to accept that procedure. Does the hon. member wish to ask a question?

Mr. McGee: Yes; I have a question. I was wondering what effect this bill would have, if it is passed, on balloting and the final result of any given election?

Mr. Howard: I do not think it would have a great effect upon the over-all results of the election itself, unless the results of the election were close as, for instance, if we elected 125 of one party and 126 of another. On election night, with absentee balloting that could change one or two seats, we would not know the over-all results. Within the province of British Columbia we are able to know within three weeks or 21 days between election day and the final counting of the ballots.

The procedural problem is this. When a person casts an absentee ballot, he is given a ballot. He marks it and he puts it in an envelope. This is what is in effect in the province of British Columbia where we have a permanent system of registering voters. The voter signs a card when he registers. When he votes he signs his name on the front of an envelope. That envelope with the ballot in it is put in the ballot box. On election night it is opened and that particular one is then mailed to the returning officer of the constituency where the person voted and this period of time is allowed for all of these ballots to get from each returning officer to every other returning officer. The returning officer then checks the signature on the envelope against the signature on the card. If they are the same, and it is the same voter, he opens the envelope, takes the ballot out and puts it in the ballot box. There is no violation of the secrecy of the vote, none whatever, unless only one absentee ballot was cast or unless all the voters voted for the same candidate, in which case it would not matter anyway. That happens in some instance where there is a 100 per cent ballot for one party or candidate or another.

But the time lag, as I mentioned, in one province may be longer than that, as the bill proposes, if we are to consider adjacent provinces. For instance the provinces adjacent to Quebec would be Ontario and New Brunswick. May be New Brunswick and Ontario would have a longer period of time. But with postal facilities as they are, I do not think it would be much longer than that time lag. Certainly the results would be known on election night unless the voting was fairly close so that a few votes one way or the other could alter the results. But so far as knowing the results of the election itself is concerned, we would know them on election night.

I think I have fairly well summed up the thoughts I have on the matter, Mr. Speaker. As I said earlier and as I should like to reiterate, the details of the bill are ones that I have envisaged. They are taken from our British Columbia legislation and were adapted to fit our present federal act. Has the hon. member another question?

Mr. McGee: I was wondering what percentages are involved. From the practical and actual experience in British Columbia, what percentage of the total vote take advantage of this opportunity?

Mr. Howard: I have not the results here with me but I can give you an idea. I cannot give you the figures province-wide because I do not think they averaged out the full number of voters in the province, but I can give you an idea in constituencies. For instance, in Skeena, the provincial riding of the same name, use of this was made by 4.7 per cent of the voters voting by absentee ballot. In another riding, that of Atlin, which is to the far north, the occupancies of many people living there take them away from their homes at election time, which is normally in June, and it is up to as high as 12 or 14 per cent. However, I may be mistaken in those figures. In an urban riding it may be relatively small, depending on the occupancies of the people. I am not concerned with every little detail set

out in the bill. What I am concerned with is giving every opportunity to people to use their absentee ballot on election day. I am sure the committee will review the elections act, and I hope it will take this matter into consideration. I think it would be extremely courteous of this house if we were to say to that committee that we would like them specifically to study this particular matter if the house does not desire to give the bill second reading.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, this is an involved bill and one which has as its main objective something which every member of this house will, I think, be in favour of, namely to make it possible for the voter to exercise his franchise. I know in the previous session I myself had items on the order paper dealing with advance polls, and I believe that there will be bills coming up on advance polls all with the same idea, namely to make it possible for the voter to cast his ballot for the candidate of his choice.

There are, however, in the particular bill presented to us now certain aspects of operation which should be considered. I know that the hon. member will say that they can be considered in committee; but since this is the first time that this particular bill has come before the house, I think certain consideration should be given to these various phases. For instance, in *Hansard* of July 4, 1956, Mr. Barnett, the former member for Comox-Alberni, when the estimates of the Secretary of State were being considered, and in particular the office of the chief electoral officer, pointed out the difficulties which the fishermen in his riding were having in that an election poll during the summer months pretty well disenfranchised them. The same is true, as the hon. member pointed out, of construction workers, lumber workers, and so on. Mr. Barnett, in speaking of this, said, as reported on page 5667 of *Hansard*:

> Actually the only feasible way I have been able to think of for dealing with it would be by the introduction into our election act of the absentee vote. I realize there may be a great many practical difficulties in the way of the introduction of the absentee vote into our federal elections act, particularly if it were to have application across the whole country. However, I do feel it could be written into the act in a form that would apply at least within the boundaries of a given province.

Of course, Mr. Barnett was referring to the fact that in the province of British Columbia we already have such a system in use in regard to provincial elections, as the hon. member for Skeena (Mr. Howard) has pointed out. However, I was interested in going back to the committee on privileges and elections for the year 1955 when the chief electoral officer appeared before that committee and where the very point that the hon. member has brought up was raised by various members of that committee. I do not want to quote at extreme length, but there is a statement by the chief electoral officer which bears on this particular bill. The statement starts at the bottom of page 53 of the minutes, where the chief electoral officer is attempting to tell the committee how such a system as is proposed in this bill would work. He says:

> I cannot answer those questions.

They were questions by members of the committee in regard to the absentee vote.

> I am not advocating that this system be adopted. I am merely explaining the mechanics it would take to provide extra facilities for electors to vote who are absent from their polling divisions in Canada or outside Canada. I am trying to explain the change which would be involved if such facilities are to be provided.
>
> Some members of this committee have been candidates at the election with permanent lists in 1935. I think you will recall that that one experience turned out to be a failure. They had also provided absentee voting in 1935, and that experience also turned out to be a failure. At the same time this system is working out satisfactorily in other countries and I now wish to explain to the committee the mechanics involved. Taking the vote of people who are not only absent outside Canada—

The committee were there discussing people outside Canada, and that is not relevant. He goes on to say:

> A permanent list requires a biennial, triennial or quadrennial revision.
>
> That is where they have these permanent lists. These revisions are a house to house canvass. To a permanent list you attach these facilities. The first is by a postal envelope very similar to the envelope supplied to members of the Canadian forces. For people absent from their home polling division within Canada, they are supplied with a ballot and an envelope and they write in on a ballot paper the name of the candidate for whom they wish to vote in their constituency, and that ballot is placed in the envelope and put in the ballot box.

Then the chief electoral officer went on to explain the varied safeguards which are necessary in the casting of an absentee ballot, and I am sure the hon. member for Skeena would not like to see any letting down of our guard as far as safeguards in regard to the casting of ballots is concerned. A system such as absentee balloting could lend itself to abuse if these safeguards were not present. I believe it is not within the rules of the house that I should quote at extreme length, but the electoral officer goes on to explain the various safeguards which are necessary if a system of absentee balloting is to be used.

Mr. Howard: May I ask the hon. member a question?

Mr. Broome: Yes.

Mr. Howard: I wonder if the hon. member would agree that in our legislation in British Columbia sufficient safeguards are there to prevent abuse? I mean, as much as is possible to do so.

Mr. Broome: I have not had the privilege, as the hon. member has had, of running in provincial elections, so I only have a nodding acquaintance with those regulations and I am afraid I am not competent to say whether there are sufficient safeguards. If the hon. member for Skeena says that there are, then I am quite willing to accept his statement.

Mr. Howard: The member is very gracious.

Mr. Broome: Further on in the discussions of this committee, the former member for Vancouver-Burrard, Mr. MacDougall, made the statement on page 55 of the minutes that every day in the city of Vancouver for 365 days of the year there are more than 475 changes of address. He went on to point out that this would, of course, apply in a greater degree to the cities of Montreal and Toronto, and also to Winnipeg. That seems a strange statement for someone coming from Vancouver to make, because the problems of Winnipeg would, of course, be much smaller.

This system of permanent lists means a permanent register and a permanent staff. If the list is taken on a biennial basis it means it is closed as of, say, February 1. Then if an election is held on July 1, all changes between February 1 and July 1 have not been entered on the permanent list. This presents a problem, and I am not sure how it would be overcome. Hon. members know that mailing out to constituencies even now represents a major problem, and so far as I can read in the record of the committee I find no place where either the officials or the members point out how that difficulty can be overcome. As hon. members know, under our present elections act, enumeration begins 48 days before polling day and carries on for about six days. Later, the lists are published and provision is made for revision in urban ridings. In rural ridings there are no courts of revision, and anyone can vote by making an affidavit and being vouched for by another voter from the district where the person desiring to vote claims to reside. All these are checks and safeguards which have been mentioned by the chief electoral officer and which constitute perhaps the prime responsibility borne by that officer, namely to see that the election is honestly carried out. I have felt that what worried this official most throughout his evidence was that he could not be assured as to how well these safeguards would work under a system of absentee voting.

The hon. member for Skeena has limited the problem to some degree by making his proposal applicable only to provinces adjacent to provinces where the person concerned happens to reside, but this in itself seems to be begging the question. I think that if absentee voting is the right thing to have, and if it can be carried out it should be carried out on a national basis, providing it is worth while, as it is carried out in the United Kingdom or in other nations of the commonwealth. The fact that it adds to the complexity of the situation means only that it adds to that complexity by adding to the numbers and by adding to the time which must elapse before a definite result can be brought in.

There is an old political story which may have some application here, I will not say which party it concerns. Driving through a certain province, the leader of a certain party had one of his lieutenants for that province stop his car to visit the grave of a friend who was a member of the opposite party. He turned to his lieutenant and said: this man was one of my best friends but unfortunately he did not vote the right way. And his friend said: well, he has been dead for 16 years and he has been voting for me all those 16 years. That is an old political story, but it does illustrate that we cannot be too careful in regard to the safeguards applied to ensure against fraud, and I should think that the complications added by this system of absentee voting would immeasurably complicate the task which our chief electoral officer and his returning officers have to undertake.

The suggestion that this matter should be sent to a committee for study is, I feel, unnecessary because the elections act will no doubt be discussed as a matter of course, and there will be the same type of examination as was carried out in 1955 when amendments were made to the act on the advice of the officials who are charged with the responsibility for carrying on elections. For this reason I believe that anything we say here will most likely be repeated during the hearings of the committee. All I can do is emphasize the fact that according to everything I have been able to find out in regard to absentee voting, it hinges on a permanent list. The bill might just as well have included a provision for setting up a permanent voters list, because this is the only basis upon which a scheme of absentee voting can be carried out. The setting up of such a permanent list involves further

complications; I have only referred to some of these complications in the remarks I have made.

I know this system has worked in other countries and that it has worked in at least two provinces. At least I am taking the hon. member's word that it has worked well for him as a candidate in British Columbia, and I presume, therefore, that it has worked as well for other candidates. But with regard to the constituencies of Skeena and Atlin I must say that these are vast ridings and, as the hon. member pointed out, because of the nature of the activities of the people who work in those ridings it is normal for a large proportion of the population to be unable to attend the poll on the day of an election. But this would not be true of urban ridings to anything like the same extent.

Mr. Howard: Do you know what the statistics are in regard to urban ridings?

Mr. Broome: No. I am speaking on the basis of my own knowledge of urban ridings. Does the hon. member for Skeena have that information?

Mr. Howard: I do not have it with me. Moreover, if I were to speak now I would be closing the debate, and I do not think that would be fair to other hon. members.

Mr. Broome: I think the absentees in the ridings of Skeena and Atlin are high; I do not think they would be so high in urban ridings. Perhaps we should consider some system of broadening the scope of advance polls. I believe it is pertinent to mention advance polls while we are speaking on the subject, because the whole intent of this bill is to make it possible for all Canadians to exercise the franchise. I agree that the advance poll system is not as effective a mechanism as it might be, but it does offset some of the injustices which have been experienced. I am quite prepared to admit—and I have stated this before in this chamber—that the advance poll set-up needs to be reorganized. At present it is too limited in scope, and perhaps it is not in effect long enough before voting day.

Mr. Speaker, I feel I may summarize my position in these words. The question of allowing people to exercise their franchise is a matter of concern to all hon. members and it may be tackled in many different ways. This bill represents one way. From what I have been able to determine it lends itself to many complications. I believe every hon. member of the house should give each clause of the bill most intense study.

(Translation):

Mr. Georges Valade (St. Mary): Mr. Speaker, I am glad to point out to the house that the hon. member for Skeena took twenty-five minutes to explain the contents of his bill, which proves that the bill is so complicated that we could not consider it all today. I understand the bill provides for certain amendments to the Canada Elections Act. In fact, I even wonder whether it is being introduced for the purpose of amending the act, or simply with a view to some political advantage. Besides, Mr. Speaker, it is no surprise that such bills should come—

(Text):

Mr. Howard: Mr. Speaker, would the hon. gentleman permit a question?

Mr. Valade: I should think the hon. gentleman would let me continue my remarks before interrupting but I invite him to go ahead.

Mr. Howard: It may be that the words that came over the translation system have given me an incorrect impression, but I take it that my hon. friend suggests that I should not have taken 25 minutes to introduce this bill. Am I to conclude that he feels I should have curtailed my remarks to one or two minutes in attempting to cover all the points that I felt were of interest to the house?

Mr. Valade: I did not mean that, Mr. Speaker.

(Translation):

I was simply saying that, in view of the number of bills introduced by the C.C.F. party, in connection with the Canada Elections Act, that is Bill C-10, introduced by the C.C.F. member for Port Arthur (Mr. Fisher); Bill C-11 introduced by the C.C.F. member for Timiskaming (Mr. Peters); Bill C-13 introduced by the member for Skeena (Mr. Howard); Bill C-15, introduced by the member for Skeena; Bill C-16, introduced by the member for Skeena, and Bill C-17, introduced by the member for Skeena (all those bills provide for amendments to the Canada Elections Act, I wonder whether it is not an amendment race with regard to the Canada Elections Act, or whether our friends are sincere in introducing bills to amend an act which is as important as the Canada Elections Act. But, I will say, Mr. Speaker—

(Text):

Mr. Howard: Mr. Speaker, I rise on a point of order. The hon. member is questioning my sincerity in introducing various bills. I request quite earnestly that he withdraw that statement.

Mr. Valade: Mr. Speaker, I do not question the sincerity of the hon. member for Skeena (Mr. Howard). I am questioning the sincerity of the group he represents.

Mr. Howard: Mr. Speaker, on a point of order—

Mr. Valade: Mr. Speaker, I have only 15 minutes at my disposal and the hon. gentleman took 25 minutes to make his statement.

Mr. Howard: Mr. Speaker, my point of order will meet at least one of the objectives of my hon. friend. He will get to six o'clock quicker than he normally would if I speak again at this time. I have introduced certain bills which appear on the order paper in my name. The hon. gentleman who is now speaking has cast a reflection upon my sincerity with respect to those bills and I suggest he withdraw his remarks as far as I am personally concerned.

Mr. Valade: Mr. Speaker, if the hon. member continues I cannot be accused of killing his bill because he will have killed it himself.

The Acting Speaker (Mr. Rea): Just so that we may clarify the matter may I say that I am under the impression the hon. member for St. Mary (Mr. Valade) withdrew his reflection on the hon. member for Skeena (Mr. Howard) personally and is reflecting only on the bills the C.C.F. group has introduced.

Mr. Valade: Mr. Speaker, may I make it quite clear that I was not referring specifically to the hon. member for Skeena as a person. I will now return to the question and continue my remarks in French because I know my hon. friend enjoys the translation system.

(Translation):

Mr. Speaker, I gather from the argument put forward by the hon. member for Skeena that this would allow people who are away at summer camps or taking summer holidays to remain at their cottage or their fishing camp as, under the act suggested by our friends to the left, they could cast their vote in a neighbouring community rather than have to go back to their own riding.

It is the duty of every citizen to go out and vote on election day. I realize that, in a democratic country, a number of people sometimes happen to be "disfranchised", either by circumstance or by illness, travel or professional obligations.

In a democratic country we cannot—and I stress this point so that friends to the left will understand—we cannot force people to go out and vote. We have laws laying down certain conditions with regard to elections, and people have the moral obligation to avail themselves of this opportunity and to exercise their franchise.

In my view this amendment reveals the socializing tendency of the C.C.F. party which would compel people to vote. Fortunately, the Lord is kind to us, Mr. Speaker, and this great leftist group, which is very small in number, will not be able to impose its socializing laws during this or even several other parliaments—as the Conservative government will be in power for a good many years to come.

Mr. Speaker, the bill introduced by the hon. member for Skeena provides for a 28-day extension of the period between nomination of candidates and polling day. I cannot see how this could remedy election day absenteeism.

Extending that period of time will not correct absenteeism. In my view, that part of the bill is probably intended only to serve electoral purposes, and on this point I again emphasize that I am not personally accusing the hon. member for Skeena of being somewhat foolish in his ideas.

The proposal to extend by 14 days the period between nomination day and voting day, as a means of eliminating absenteeism is, I think, a nest of contradictions.

Indeed, Mr. Speaker, I feel that if we extended that period by 14 days, serious difficulties would result. Possibly the extension of the period might be useful, perhaps necessary, to the candidates in some ridings. Well, such a provision already exists today because schedule 4 of the Canada Elections Act provides for a period of 28 days from the closing day for nominations to the date of the vote in certain electoral districts.

Mr. Speaker, I note that the hon. member is leaving the house.

Schedule 4 of the elections act lists 21 electoral districts where 28 days must elapse between the last day for nominations and voting day. However, Mr. Speaker, such a situation would raise serious difficulties in urban ridings. It is well known that the holding of elections in an urban constituency is a very expensive proposition; candidates are up against tremendous publicity costs. There is also the matter of the meetings to be held which is a most important factor. We should really study this bill carefully before accepting the amendments proposed by our friends to the left. There are very few of them, both in the house and outside, and I understand that in view of their small number, they benefit more than others from this free time provided by the C.B.C. to political parties during an election.

For instance we saw, in the last general election, the obvious fact that no C.C.F. candidate, or practically no candidate, wanted to hold public meetings. They simply nominated candidates in order to get free time on Canadian television, thus spreading through their new organizer, Mr. Michel Chartrand—

(Text):

The Acting Speaker (Mr. Rea): Order. I must remind the hon. member that we are not discussing television time; we are discussing absentee voting, a bill to amend the Canada Elections Act. The hon. member will have to keep his remarks relevant to the principle of this bill.

Mr. Winch: How can he? He does not know what it is all about.

Mr. Valade: I believe I was keeping within the spirit of this bill. According to the explanatory note, the purpose of the bill is to entitle an elector to vote on polling day by casting his vote in a polling station other than his own. I think it is relevant to discuss what might occur between nomination day and the polling day and I think I am discussing the principle of the bill, Mr. Speaker. The members of the C.C.F. party wish to extend to themselves the benefit of television programs and I was just referring to the province of Quebec.

(Translation):

Not having campaigned in the province of Quebec, C.C.F.ers used television for their propaganda; that is a practice to which I object. I believe that policy tends to give the small group they represent free time on C.B.C. television, and they use this time for demagogic talk while the public foots the bill.

Mr. Speaker, a serious study of the clauses of this bill reveals that the adoption of subclause 46 A would create a dangerous precedent. It reads:

Notwithstanding any other provision of this act—

(Text):

The Acting Speaker (Mr. Rea): Order. I must once again remind the hon. member that he cannot discuss the bill clause by clause. He must discuss only the principle of the bill. I am sure he understands.

Mr. Winch: Are you not being optimistic?

Mr. Valade: I shall take your advice, Mr. Speaker. The bill has 13 clauses. I was referring specifically to clause 4, subclause 46A of the old act. I was not dealing with all the clauses but just one particular clause of the bill.

The Acting Speaker (Mr. Rea): We must discuss the principle of the bill, which is the question of absentee voting. We must not discuss either one clause or two clauses. It does not make any difference; clauses must not be discussed at all. All the clauses must be discussed at once as the principle of the bill.

Mr. Valade: If the hon. member had taken five minutes less time I could have had five minutes more. I will leave that and come back to the principle of the bill.

Mr. Winch: You have not even started on it yet.

Mr. Valade: There is a principle in this bill, Mr. Speaker. The purpose of this bill is to amend the Canada Elections Act. As I said at the beginning of my speech, I notice there are three bills on the order paper to amend the Canada Elections Act.

(Translation):

Mr. Speaker, I will conclude my remarks in French and I will stick to the principle of the bill. We notice that the true object of the bill is not to avoid election day absenteeism but rather to extend by 28 days the interval between nomination day and election day. In order to discuss this point, Mr. Speaker, I must—

(Text):

Mr. Howard: You are incorrect.

Mr. Valade: I beg your pardon?

Mr. Winch: He said, you are incorrect.

Mr. Valade: I would like the hon. member to tell me where I am incorrect.

Mr. Winch: That will take the rest of the week.

Mr. Valade: The hon. member says it would take a whole week. Why did he present it at such a late hour?

Mr. Winch: There is a misunderstanding. What I meant was, to explain it to you.

(Translation):

Mr. Valade: Mr. Speaker, in order to deal with the principle of the bill, I am forced to interpret subclause 46 B of clause 4 of Bill C-16, as introduced by the hon. member for Skeena. It is said in that clause:

—an elector whose name is on the list—

(Text):

The Acting Speaker (Mr. Rea): Order. I am sorry but if the hon. member is not going to take advice from the Chair I will have to ask him to take his seat. The hon. member for Halifax.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I am rising at a very opportune time. I have not made up my mind as to how I shall vote on this bill.

Mr. Habel: You have until six o'clock.

Mr. McCleave: I do not intend to go further into the remarks of the hon. gentleman but there is one thought that does come to my mind—

The Acting Speaker (Mr. Rea): Order. The hour for private bills having expired, the house will now revert to the business which was interrupted at five o'clock.

FISHERIES IMPROVEMENT LOANS ACT

FURTHER AMENDMENTS RESPECTING GUARANTEED LOANS ON FISHING VESSELS

The house resumed consideration in committee of the following resolution—Mr. Fleming (Eglinton)—Mr. Rea in the chair:

That it is expedient to provide in the proposed measure to amend the Fisheries Improvement Loans Act, Bill C-30, now before the house, that a guaranteed loan may be made to a person who, at one time, had an interest in a fishing vessel but no longer has such an interest or to a person who desires to acquire an interest in a fishing vessel for the first time.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Pickersgill: There are one or two points I should like to mention before the resolution carries, Mr. Chairman. In the first place, I notice that the resolution states that provision will be made in the bill that a guaranteed loan may be made to a person who at one time had an interest in a fishing vessel but no longer has such an interest, or to a person who desires to acquire an interest in a fishing vessel for the first time. It will not surprise the minister if I ask him whether he has considered whether this would bar any person in Canada who may have owned a fishing vessel at any time. Does he think that there may conceivably be a conflict between this proposed legislation and the Senate and House of Commons Act?

Having asked that question, I would now go on to something about which I expect a more serious answer from the minister. As the minister is well aware, we did have a very brief debate on the original resolution regarding this bill. I regret to say I was unable to be present at that time and so was not able to say a word or two on the proposed measure. I hope the minister will bear with me if I make a few remarks that are not strictly relevant because there are some points upon which I would like him to answer at the committee stage of the bill. What I should really like to be quite sure about is that the bill will make provision for loans to fishermen who, because of the difficulties that were experienced in certain parts of the Atlantic coast and notably in Newfoundland last year, find themselves in very straightened circumstances and who, because of the bad weather, lost part of their gear. I should like to know if the minister feels the act covers that sort of situation.

In order to illustrate my point may I cite a letter which I received just the other day from one of my constituents in Bonavista. Perhaps I could make my point more quickly by reading this letter than in any other way. The letter reads:

Dear Mr. Pickersgill:

I am writing you a note to ask if you could give me any information concerning the fishermen's losses last summer. Is there going to be any assistance for us? I lost my cod trap and all its belongings except my leader—

That does not mean "leader" in the political sense, but that is a part of the fishing gear.

—and I am not in any position to replace it. With the loss of my trap and the very bad summer you can imagine, sir, why I am asking for assistance. I wrote Captain Strickland—

That is the provincial member.

—to ask the Department of Fisheries to help me with a gift or a small loan. I am man enough to pay it back yearly if they could arrange it for me so that I could get another cod trap to fish with. It is not much good for me to write the fisheries loan board for help because I don't want an engine or a boat. I would like to get a loan to use to my own satisfaction so as to cut out credit. Charges are too high on the fishermen. Now, Mr. Pickersgill, you should remember me because I drove out to our fishing place Mifflins cove with you and Mr. Max Little last spring and it is no easy place to work, either.

He is certainly right about that.

Now, sir, do you think you could spare time to drop me a line or two telling me how I can get some help.

This is not an isolated case. Not only was there a very poor fishery, but there was a lot of very bad weather and a great many fishermen lost their gear last year. If they are not able to get some credit in some way there are a great many of these people who are just not going to have the gear necessary to earn their livelihood. If the minister feels that this would be adequately covered by the bill—I am not sure myself whether or not it would—I would appeal to him to make a special appeal to the Bank of Nova Scotia which, after all, is the principal bank so far as the outports of Newfoundland are concerned, to ask them to take special note of this situation.

I am not suggesting for a minute that the minister should urge the bank to make bad

loans. There are many of these fishermen who in a normal year would be well able to pay back the loans. They are well known as reputable people. It would be of enormous help in a very, very difficult situation.

Mr. Fleming (Eglinton): Mr. Chairman, it is a little difficult to say on the facts as stated by the hon. gentleman whether the case will fall within the terms of the act. My hon. friend is aware of the terms of loans provided by the act. These, of course, are not government loans, but they are government-guaranteed bank loans.

The purpose of the amendment which is now before the house is to enlarge the lending provisions of the act to include persons who had an interest in a fishing vessel but no longer have such an interest and persons who desire to acquire an interest in a fishing vessel for the first time. Now, as to the position of the Bank of Nova Scotia, it would not be a proper thing for the Minister of Finance to intervene in individual cases. I cannot take them to the bank but I, of course, will be pleased to draw the remarks of my hon. friend to the attention of the management of the Bank of Nova Scotia.

Mr. Pickersgill: If I may say this one more word. The minister will recall that before he or I were in parliament the farmers in the western provinces, and particularly in Saskatchewan, experienced a severe drought. In many cases these farmers did not have enough seed grain, they did not harvest enough grain to have seed for the following year, so federal assistance was provided. The situation here is quite analogous. I do not mean to say you need seed for the fish, but you do need gear to catch them. It is a very similar situation in many ways.

Mr. Howard: I have one or two comments to make, Mr. Chairman. The indicated purpose of the measure is to aid people who intend to acquire a boat or acquire an interest in a boat. I have in mind the case of a person who, on his own, started to build a boat or fishing vessel and was able to get only part way through, say completing the hull, and then required financial assistance. As I understand it, under the act as it is now, this hull is not considered to be a vessel, so the person who finds himself in this difficulty is not able to get a loan to complete the vessel. I am wondering whether this proposal would apply in such a case.

Mr. Fleming (Eglinton): Mr. Chairman, I doubt if it would because section 2 (h) of the act defines a fishing vessel as follows:

—"fishing vessel" means any ship or boat or any other description of a vessel for use in a primary fishing enterprise, that has an engine for its propulsion, and includes the equipment affixed thereto for use in the operation thereof but does not include prescribed electronic equipment;

Mr. Howard: This proposal, then, would not alter those circumstances?

Mr. Fleming (Eglinton): No, this resolution does not propose to make any alteration in the definition of a fishing vessel.

Mr. Howard: If I may, sir, I submit that I feel it should. If a change is to be made to apply to a person who intends to own a vessel or intends to acquire one or, as I believe is the wording of the act, to acquire a prescribed interest in a fishing vessel, then it should be extended to apply to a person who on his own initiative starts to build a boat, is able to proceed only so far in the construction of it and wants to proceed further. I think probably additional amendments to other sections of the act should be considered in order to cover that individual case also. Perhaps that may be something that the minister could take into consideration and we can deal with it at a later stage. At least I would hope so.

Mr. Fleming (Eglinton): Several suggestions have been made with respect to amendments to this bill, all of them, I think I may say, designed to enlarge the scope of the bill. When the previous resolution was before the committee I said that these would be taken under study and they will be taken under study. The one that is before the committee now is one that readily commended itself and had some general support in the discussion, and it seemed to us to lend itself to early decision. That is the reason why the house is being asked to permit the amendment of the bill, in the course of its passage, to permit this enlargement in the provisions.

Mr. Howard: I submit that the suggestion I have made is merely an extension of this selfsame principle. Here is a person who starts to build a boat. It is his intention to acquire a prescribed interest in the vessel. For one reason or another financially he is not able to complete it on his own. He then, in my opinion, should quite propertly be considered in the same light as the minister has considered the person who would be affected by this present legislation. That person should be able to go to the bank and be in the same position as anyone else would be if he fell within the scope of the provisions of the act. I think the principle is precisely the same. The individual fisherman may be just in different circumstances. One starts on his own to build a boat, or a fishing vessel as it is called, and the other does not start to build it himself but attempts to acquire it. It seems to me

that those two individuals should be placed on precisely the same footing so far as they are under this act.

There are a number of other matters concerning the present application of the act which are rather involved because they take into account the relationship between the native Indian as defined in the Indian Act who lives on a reserve and the banks which would make loans under this particular legislation. On the west coast, especially in the northern part from which I come, there are a great number of native Indian people and a great number of villages or reserves right on the coast line or right on the water. A great number of these native Indian people engage in fishing as their means of livelihood. Their sole means of income is through fishing. I know that this is the attitude of the bank which makes the loan to the individual and probably the bank looks at things differently than we normally would. There is a reluctance and in some instances there is a complete refusal in connection with granting loans to native Indian people who want to build their own fishing vessels and to go out and fish and to be on substantially the same footing as a non-Indian. Many of these native Indian people in years past have been able to get some sort of credit from the fishing companies, have been renting boats from fishing companies, renting their gear from them, getting credit from fishing companies for food and other provisions and at the end of the year find themselves still indebted to the fishing company for one reason or another.

A number of them that I know, particularly the Haida Indians or the Tsimshian, for some years have been engaged in fishing. Many of them want to get out of the clutches of the fishing company and want to get out and build, own and operate their own fishing vessel. They find it extremely difficult to do so under the act, as it is at the present time because of the reluctance of the banks to make loans to fishermen who are Indians. They say they have no right of recourse against the individual because he is an Indian and because he lives on a reserve. That is another matter which I think should be considered carefully by the department. I wonder whether the minister would indicate his feelings on this matter.

It would be my suggestion that inasmuch as there are a number of other thoughts about changes in the act and inasmuch as it does not apply equitably as between one person and another person because of the way in which they go about acquiring a boat or because of the colour of their skin or because of the way in which they live and so on, that these matters could very easily be dealt with in the standing committee on marine and fisheries. While it is a matter of finance and comes under the minister's jurisdiction, nevertheless it also pertains to fishing. The committee on marine and fisheries, as a result of action taken in the house this afternoon, will be considering the estimates of the Department of Fisheries. I think we would be well advised to refer to the committee on marine and fisheries the bill that will arise out of this resolution. If the minister wants to select a banking and commerce committee because it deals with banking, that does not matter too much. However, I think the bill should go to some standing committee of the house in order that a fairly free and informal discussion may take place and that individual representations may be made to the committee with respect to additional changes in the proposed legislation. I should like to hear some comment from the minister about that particular matter.

Mr. Fleming (Eglinton): These suggestions that the hon. gentleman has made as well as the others that were made on the other resolution will, of course, be taken under study. Of course, these are matters that must be discussed with the banks because they are the primary lending institutions.

As to the second suggestion made by the hon. gentleman, namely that this bill should be referred to a standing committee, I regret that I cannot accept it. The hon. gentleman may be overlooking the fact which was very much in the minds of the committee when the previous resolution was before it, namely that the provisions of the Fisheries Improvement Loans Act have in fact expired. They expired last December. This legislation is urgently necessary now in order to continue the legislation at all. At the present time the loans that are being made under the act by the chartered banks, credit unions or caisses populaires are being made simply on the strength of a request which I made of them, accompanied by an undertaking given to them to bring this measure before the house and to ask the house to make it retroactive to December 11, 1958.

Mr. Howard: If I may, Mr. Chairman, I should like to pursue just a little bit further the question of the application of this legislation to native Indian people. I understood the minister to say that while certainly the loans under this legislation were at the instance of the bank itself or it was a matter for their determination as to whether they wanted to lend or not under the act, these matters would be brought to their attention. Is that what I understood the minister to say?

Mr. Fleming (Eglinton): I said that these suggestions—I refer to the suggestions made

by the hon. member as well as the other suggestions made on the previous resolution—would be brought under study. I pointed out that the lending that is contemplated by the act is lending by the banks. Therefore, before any change in the terms of the legislation is considered, it would be necessary to ascertain whether the banks are interested in lending at all under such terms.

Mr. Howard: I would point out one thing, Mr. Chairman. If it is considered advisable by the department or by the minister to look in a favourable light on the application of this act to native Indian people I would point out to him one thing in his discussions with the banks and in discussions along this line. They say the banks do not have any recourse to enable them to get the boat back if he buys one, because the Indian lives on a reserve, and so on. May I point out that the fishing vessel itself is not on the reserve but for most of the time lies in the water. Often those Indians living on the coast have no other means of livelihood than fishing. If the banks would appreciate the fact that they would have a right of seizure of the vessel, which is the guarantee they require before granting a loan, then these Indians could be provided with the loans they need. If the banks wished to repossess the boat at any time they are able to do so as long as a vessel remains in the water. Even if the vessel is taken up on skids up on the beach, in most cases it is still not on the reserve because it is below the high water mark. I hope the minister will make these thoughts known to the banks so that they will treat these native Indians with a little more consideration than they have in the past.

Mr. Pickersgill: May I make one point. I quite appreciate what the minister said about the desirability of putting this legislation through quickly pursuant to the undertaking which he gave to the banks. For that reason, and for that reason only, I would not join with the hon. member for Skeena in pressing the suggestion that this particular bill go to a committee. But I do hope the government will consider the plea made by the hon. member for Skeena, in which I warmly join, that the whole problem of credit for fishermen be considered in exactly the same generous manner as the government in the speech from the throne promised to extend credit to the farmers. At an earlier stage some of us pointed out there was nothing for the fishermen analogous to the farm loan board. If the government is going to do something at this session, as it indicated in the speech from the throne, about farm credit, those of us who represent fishing ridings suggest that equally effective provision should be made for credit for the fishermen.

Mr. Carter: Mr. Chairman, I want to add my voice to the pleas made by the hon. member for Skeena and the hon. member for Bonavista-Twillingate. Like the hon. members who have just spoken, I am a little disappointed to learn that this legislation is not going to be useful as it first appeared when it was referred to in the house. Hon. members will remember that when the hon. member for Queens-Lunenburg made this suggestion in debate on an earlier bill and the Minister of Finance told the house he would take it into consideration, we had great hopes that this bill would mean what it said. I had understood it was to help the person who desired to acquire an interest in a fishing vessel. If it is only going to apply to fishing vessels which are already built, or interests which are for sale, then it is not going to be of any help in my province.

What we are trying to do in Newfoundland at the present time is this. We are trying to reduce the cost of production of fish by utilizing more modern boats. These boats have to be built. Our fishermen are well able to build them themselves, and I had hoped that under this legislation they would be able to acquire a small loan which would enable them to purchase the materials required to build a vessel and equip it, thus enabling them to put to productive use their own skill and ability. We need long liners which can go offshore, say 20 to 30 miles, and come in every day. That would mean a boat costing about $10,000, equipped with a diesel engine of 60 horsepower to 70 horsepower, and a suitable amount of fishing gear. If three men could get together and get a loan under this legislation, they could very well build that boat themselves under conditions which would enable them to repay the loan without too much difficulty. At the present time the provincial legislation does not cover that particular type of boat because the provincial legislation requires specifications which are difficult to meet and which run the cost of the vessel required up to about double what the fishermen can afford to pay. If this legislation is going to be restricted by the definition of the term "fishing vessel" then the usefulness of this legislation is going to be very limited, particularly in the province of Newfoundland.

Of course, as the other hon. members have pointed out, unless the banks are prepared to make loans and take these vessels as security then this legislation is of no use at all. The success of this legislation depends first and last upon the willingness of banks to make loans. Unless they do that we might

just as well not pass it at all. But assuming the banks will take a favourable attitude in regard to this problem, then I think we should go as far as possible to help the fishermen make the fullest use of it.

Mr. Robichaud: Mr. Chairman, I did not intend to enter this part of the debate, because I had a few questions to ask at the committee stage when the bill is introduced. But in view of the reply given by the hon. minister a few minutes ago to the hon. member for Skeena, when the hon. member mentioned that when a fisherman starts to build a boat of his own and does not have the financial facilities to complete it he might not qualify under the act. I would note that the resolution which is before us now to study states that guaranteed loans may be made to a person who at one time had an interest in a fishing vessel but no longer has such interest. The second part states that a loan may be made to a person who desires to acquire an interest in a fishing vessel for the first time.

I think that latter part deals with the question raised by the hon. member for Skeena. When this person applies for a loan, he certainly intends to acquire a prescribed interest in a fishing vessel or in the fishing gear. We have not seen the amendment as yet, but under the terms of the amendment I am wondering if this person who desires to acquire an interest in a fishing vessel for the first time would not qualify for a loan. There may be a clause which states that a fisherman may have to place or install an engine in a fishing boat which he is building, or intends to build, and in that case I feel he would qualify under the act, especially after this amendment is introduced. I would like the hon. minister to clarify this point.

Mr. Fleming (Eglinton): Mr. Chairman, I do not know how I can clarify this any further. I have already dealt with the point in reply to the question of the hon. member for Skeena. I referred to the definition of "fishing vessel" under the act. The purpose of the amendment is to enlarge the category of persons who may qualify for a loan to include the person who desires to acquire an interest in a fishing vessel for the first time. A fishing vessel is described by the act in terms which seem to me to apply to a vessel in being, because if my hon. friend will look at section 2 (h) of the act, he will see:

(h) "fishing vessel" means any ship or boat or any other description of a vessel for use in a primary fishing enterprise, that has an engine for its propulsion, and includes the equipment affixed thereto for use in the operation thereof but does not include prescribed electronic equipment;

[Mr. Carter.]

I think it is quite clear from the language of that definition that it has reference to a ship in being, not merely to part of a ship or a hull.

Mr. Robichaud: Mr. Chairman, in this case it would give preference to fishermen who make application for a loan to buy a secondhand boat, and to the fisherman who wanted to acquire a new boat with an engine. After all, most fishermen now have engines in their fishing boats, and if a fisherman applies for a loan to buy a new boat with an engine, according to the minister he would not qualify because his boat is not an existing fishing vessel. This does not seem to be logical because it would limit a fisherman to the purchase of a secondhand or existing boat. I feel that fishermen should be given the opportunity to buy new fishing boats with new engines. I think this was what the hon. member for Skeena had in mind, and I believe it applies to practically every community. I do not see the use of broadening the application of the act if it is to be interpreted in the way suggested by the minister. If we are to broaden the application of the act I think it should apply to fishermen who desire to purchase new vessels.

Mr. Fleming (Eglinton): If the vessel is in being, there is no trouble about it. The hon. member speaks of the new boat. Of course, if the new boat is in existence it comes fairly within the definition. What the question originally raised presented as its problem was a hull or an incomplete structure. It seems to me that the definition in the act connotes a completed vessel.

Mr. Carter: I should like to be clear on this point. Let us assume, for example, that the fisherman already owns his own engine and that he wants to acquire a new boat which is under construction. Let us suppose, as the hon. member for Skeena has suggested, that he builds this boat himself and that he already has invested $200 or so in the construction of the vessel and requires a loan to complete it. When the boat is completed it will have a propulsion unit as required by the act. It is my understanding that such a fisherman would qualify for a loan under the act, but I should like to have some assurance on this point.

Mr. Fleming (Eglinton): We are coming back to the same point. There is a definition of a fishing vessel in the act. I cannot change that. It is one that has been in the act from the outset, for the last three years. The purpose of the resolution is to permit the enlargement of the lending provisions to include a person who intends to acquire

an interest in a fishing vessel, that is, a fishing vessel as defined in the act.

Mr. Carter: Before we carry this resolution, is it a fact that the vessel must be in existence? Is it the case that it cannot be a vessel which is under construction but that it must be a vessel which is already in existence and completed? Is that the only kind of ship for which this loan can be made?

Mr. Fleming (Eglinton): I think we are going over the same ground again and again. The definition is there, and it seems to me it is quite clear. It does not connote a portion of a ship. It connotes a fishing vessel and it seems to me the definition is clear in requiring that it should be a completed vessel. There is nothing, of course, to prevent a bank providing for assistance while a vessel is under construction or from lending money on a portion of a vessel, but the type of loan contemplated by the act under legislation which has now been in existence for three years is in respect of a vessel according to the terms of section (h), which obviously means a vessel in being.

Mr. Pickersgill: Is the minister right about that? I have been looking at the act while this discussion has been going on and I see that section 2(h) merely provides a definition. The operational section would appear to be section 3, and section 3, subsection 1(a)(i) defines two of the purposes for which loans may be made. These purposes are the purchase or construction of a fishing vessel. I may be wrong, but I am trying to assist the minister. I appreciate that the only person who can get a loan under the existing legislation for the purpose of purchasing or constructing a vessel is someone who already has an interest in a vessel and that what the minister is trying to do is to extend that to cover a person who, like myself, may at one time have had a vessel but who no longer has one, or a person who, like the minister, has never had one.

Anyway, there are three types of persons to be considered: a person who now has an interest in a fishing vessel; a person who formerly had an interest in a fishing vessel; and a person who never had such an interest. It would seem to me that if the minister's statement about enlarging the scope of this measure means anything it means that the present act is restricted to a person who already has a vessel but that in future it will apply to people who have no such interest, granting the same power or right to borrow as to someone who does at the moment have any such interest. Such a person could borrow for any purpose set out under section 3 of the act, one of which is the purchase or construction of a fishing vessel. I do not know whether or not I am right in all this, but it does seem to me a sensible construction.

Mr. Fleming (Eglinton): I think the hon. member is right.

Mr. Pickersgill: If I am right, I think the committee is satisfied.

Mr. Carter: If that is the case it is not what the minister told the hon. member for Skeena. I think the hon. member for Skeena asked whether a fisherman could get a loan if he wanted to build a vessel and was prepared to build one, and I understood the minister to say he could not. I am interested in utilizing this legislation in order to construct a vessel—

Mr. Fleming (Eglinton): This resolution does not contemplate any change in the provisions of the act in regard to the terms of lending in any respect except to enlarge the class of borrowers who come within the terms of the act to include a person who intends to acquire a vessel in the future. The resolution does not take anything away from any provision of the act as it is at present. It does not reduce in any way the scope and terms of the lending powers.

Mr. Carter: The hon. member for Bonavista-Twillingate has pointed out that the original legislation permitted loans for construction.

Mr. Fleming (Eglinton): Well, this does not take anything away.

Mr. Carter: That is what we were worried about.

Mr. Howard: I thought I had it clear once, but now I am not sure. After the assistance which was given to the Minister of Finance by the hon. member for Bonavista-Twillingate, is the minister still of the opinion that a person who starts on his own to build a vessel and who does not complete it would be unable to get a loan in order to finish the job?

Mr. Fleming (Eglinton): It would depend on the terms. The hon. member says: can a fisherman get a loan on a hull? I do not think he could. But if it is a matter of the construction of a vessel as defined by the act, that is a different matter. The hull is not a complete ship. It is simply an incomplete ship. I think there is a difference. I thought the hon. member was asking me about getting a loan on a hull. A loan on a hull as such does not appear to me to come

within the provisions of the act. However, if it is a matter of the construction of a fishing vessel as defined by the act under section 2(h) I think it does come within the terms of the measure.

Mr. Howard: A while ago the minister made reference to section 2(h) which defines what a fishing vessel is. He said this cannot be changed. I wonder why?

Mr. Fleming (Eglinton): Mr. Chairman, I said I cannot change it as one minister or one person. The legislation is not going to be changed by this resolution in any but one particular. My hon. friend is asking me about enlarging the terms of the loans under the act. I have no power in that respect whatsoever. But the purpose of this resolution, and its only purpose, is to enlarge the class of qualified borrower to include a person who although he has not acquired an interest in a vessel now intends to acquire one.

Mr. Howard: One of the advantages of being a lawyer at some stage of your career, Mr. Chairman, is that you are able to interpret and apply things the way you would like them to be. Certainly as a minister of the crown the Minister of Finance has as much authority with respect to changing the definition of a fishing vessel as he has to changing the application of loans to include a fisherman who intends to acquire a fishing vessel. That is all I ask. Will the minister undertake to give that question some study and if he were to introduce legislation in the house I am sure he will not find any disagreement about it.

Mr. Fleming (Eglinton): Mr. Chairman, as I have already indicated to the hon. gentleman, his suggestion this evening and the other suggestions that were made on the previous resolution are going to be taken under study. I cannot do more than that. I cannot give an indication of what course of action may be taken in future with reference to legislation but all these suggestions will be taken under study.

Mr. Pickersgill: Mr. Chairman, in view of another item on the legislative menu for this evening and the hope of future favours, perhaps I could assist the minister a little more in this respect. I refer, of course, to the resolution concerning parliamentary secretaries. It seems to me that if you had a hull as the minister has said and went to the bank and asked for a loan and were considered by the bank to be a good borrower, you would not have to start *de novo* to construct the vessel. You could surely start with the hull and get a loan to complete the vessel. It surely does not mean you have to start with nothing. It seems to me that clears up the hon. member's difficulty.

Mr. Fleming (Eglinton): My hon. friend has stated the point, Mr. Chairman. You can obtain a loan if you are going to construct a complete vessel.

Mr. Pickersgill: I do not imagine that any bank would lend money just to build a hull. I do not think anyone was suggesting that.

Resolution reported and concurred in and referred to committee of the whole on Bill C-30, to amend the Fisheries Improvement Loans Act.

MEASURE TO PROVIDE POR EXTENSION OF LEGISLATION

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill C-30, to amend the Fisheries Improvement Loans Act.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, I am rising to support the bill. I should like to associate myself with the remarks previously made by the hon. members for Trinity-Conception (Mr. Tucker), St. John's East (Mr. McGrath), Burin-Burgeo (Mr. Carter) and Bonavista-Twillingate (Mr. Pickersgill). My only criticism of the bill is that the scope is not great enough. I am thinking particularly of those fishermen in Newfoundland and Labrador who through the failure of the fishery last year find themselves in a position wherein they will not be able to be outfitted for the fishery this coming season. The situation was severe enough due to the failure of the fishery but in at least certain parts of the province it has been aggravated by heavy seas and storms which have caused great damage on the coast of southern Labrador and in parts of northern Newfoundland.

This season the fishermen will be doubly handicapped. They will have no money to outfit themselves with normal equipment because of the poor fishery last year and in addition according to reports which as yet are far from complete it is indicated that much fishing gear and equipment has been destroyed on the southern coast of Labrador.

I invite the assistance of hon. members in seeking relief for these fishermen who through no fault of their own will find themselves unable to prepare themselves for the fishery this coming season. I particularly ask the insistence of the hon. member for St. John's East and the Minister without Portfolio from Newfoundland (Mr. Browne). I would point out that the season for outfitting for the fishery is not very far away.

Motion agreed to, bill read the second time and the house went into committee thereon, together with the resolution adopted this day in respect thereto, Mr. Rea in the chair.

On clause 1—*Time within which liability may arise.*

Mr. Fleming (Eglinton): On clause 1, Mr. Chairman, this will afford me an opportunity to introduce the amendment contemplated in the resolution that has just been approved. I shall move that Bill C-30 be amended in accordance with the terms of the resolution. I have distributed copies to interested hon. gentlemen opposite. I believe the purport of the amendment is quite clear. It embodies in the first section of the bill as proposed to be amended the enlarged definition that the house has just approved in committee and then proceeds to re-number the clauses of the bill and to provide for the extension of the provisions of the act until June 30, 1962.

Mr. Pickersgill: Mr. Chairman, I have some remarks to make but if the minister would like to have his amendment adopted first I could make my comments after the amendment has been adopted.

Mr. Robichaud: Mr. Chairman, I should like to say a few words before the amendment is adopted. I realize that the amendment just introduced by the minister would certainly broaden the scope of the act by extending the terms to bona fide fishermen which were included in the original act passed in 1955 but the amendment now introduced I am sure will not meet all the suggestions which were made on both sides of the chamber on February 24 when the bill was introduced at the resolution stage.

Judging from the impression which was left not only with hon. members in this chamber but also with the general public I feel that the amendment may not go far enough. I hold in my hand a clipping from the Charlottetown *Guardian,* dated February 26. I will not read the whole article. It might be too long, but it reads in part as follows:

> Guarantees, it was suggested, should extend to loans for purchases of fishing gear that cannot now be insured.
> Finance Minister Fleming promised "sympathetic consideration" of the suggestions.

I know the minister did mention this on that occasion.

Mr. Fleming (Eglinton): Is my hon. friend reading a newspaper report of the debate in this house on February 24?

Mr. Robichaud: Yes.

Mr. Fleming (Eglinton): I think my hon. friend should read from the *Hansard* record of the debate, not some newspaper report of what happened in the house. I indicated I would certainly give consideration and study to a number of suggestions made. This particular one had some general approval and, for the reasons I indicated, has been incorporated with the approval of the house in the measure. But the other proposals—and there were a number of them—will have to receive study but we cannot deal with them at this stage.

Mr. Robichaud: I am glad to have the minister clarify the impression at this time because I think the impression was left that the other suggestions would also be favourably considered. I understand the minister's position, because it would be difficult for him or for the government to include in this act certain items for certain fishing gear which may not come under the fishermen's indemnity fund. I also realize that a bank would not be interested in making a loan on types of fishing gear which cannot be insured under the fishermen's indemnity fund. I know that in this instance the hon. member for Queens-Lunenburg and the hon. member for St. John's East were just as much interested as we were on this side of the house. We who represent fishing communities would like to have these loans extended. For example, we would like to see them extended to include sardine weirs and herring nets and other types of fishing gear. I understand the minister's position. These amendments are not being introduced tonight, and the others which were mentioned a few minutes ago, because these types of gear may not come under the fishermen's indemnity fund. But I would appreciate it if the minister would give further consideration to suggestions which were made when the bill was introduced in its resolution stage on February 24, because at a future date it might be possible to extend the application of the fishermen's indemnity fund so that these items could be covered under the Fisheries Improvement Loans Act. This is the suggestion which I make at this time.

I also wish to express our appreciation of the amendments which are now being introduced by the minister. They will widen to some extent the scope of the application of the act but they will certainly not meet the requirements of the fishermen in the Atlantic provinces.

Mr. Pickersgill: May I say a word on clause 1 before the clause as amended passes? I am saying this in a general sense, in the way in which the hon. member for Vancouver Quadra used to deal with clause 1 of bills when he was on this side of the

house, a precedent which I know will appeal to the minister. I should like to be as much assured as the minister can assure me that section 3, subsection 1(a)(2), which defines one type of object of a loan means what I interpret it to mean. It reads: "The purchase or construction of fishing equipment." I would like to be as much assured as the minister is able to assure me from his knowledge of the regulations under the act which he administers that this would include cod traps or parts thereof.

Mr. Fleming (Eglinton): I am not in a position to give a snap answer to such a question. It would mean a matter of interpretation of the regulations. I should be glad to look into that and communicate that view to my hon. friend.

Mr. Pickersgill: I wonder whether the minister would undertake to do his utmost within the limits of the power given to him by parliament to interpret that in the most liberal sense possible, and I use the word with a small "l".

Mr. Robichaud: Before clause 1 is carried, can the minister answer the questions which I raised when the matter was discussed before? Before he answers those questions which I placed before him at that time I should like to mention a statement which he made on February 24, as reported at page 1353 of *Hansard* of that day. The minister said:

> While the volume of lending has not been large it appears, in the experience of those charged with its administration, that in large degree contractors for the prime product have been financing the fishermen's operations.

This is true. He continued:

> However, the current trend appears to be for fishermen to become more independent of the buyer and the opinion of those who are charged with the administration of the act is that greater use is likely to be made of the provisions of the act.

If we look at the table placed on *Hansard* on that occasion we find that for the fiscal year ended March 31, 1958 there were 136 loans under this act for a total of $149,960.43, and for the period April 1, 1958 to October 31, 1958, there were 77 loans for a total of $87,891.51. This is for a period of only seven months but if we take the average we find that for the four-year operation—the act operated for only part of the year 1955-56; the first portion of the four years of operation consisted of only seven months and there were only 77 loans in that time—there was a decrease in the number of loans and also a decrease in the total amount as compared with the previous years. This really shows that the fishermen are not making great use of this act. I again suggest that one of the reasons why the fishermen are not taking full advantage of this act is that the banks and the credit unions are reluctant to lend under this act. They are more reluctant to lend to fishermen than they are to lend to farmers under similar legislation.

I know the minister may not be in a position to do it at this time, but I would ask him to give further consideration to increasing the guarantee clause on the 20-15 basis rather than on the 15-10 basis as the act now states.

The Deputy Chairman: Shall clause 1 carry?

Mr. Robichaud: Has the minister replied to the few questions I asked on February 24 in connection with the number of loans made to credit unions?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, I have that information for the hon. gentleman. Several questions were asked on that occasion for which I would now be happy to supply the answers. The hon. gentleman asked at page 1347 of *Hansard*, how many pamphlets had been mailed and also how many had been issued in the French language. The answer is that there have been 7,637 pamphlets in English and 2,169 pamphlets in French distributed by the administration. These have been mailed to 110 separate addresses including head offices of chartered banks, individual branch banks in all provinces and to credit unions in British Columbia and the five most easterly provinces. At the time these pamphlets became available for distribution the head offices of the chartered banks and the credit unions designated as lenders were notified and were requested to submit their requirements to the department and distribution was made following receipt of requests.

The next question I was asked by the hon. gentleman related to the numbers and amounts of loans made by credit unions since the inception of lending under the act. The answer is that up to December 31, 1958, 54 loans totalling $110,180 have been made by credit unions. All of these were granted in the province of British Columbia.

The next question was by the hon. member for Northumberland-Miramichi who asked how many applications for loans had been refused. I stated at that time that the information was not available, and I am in a position to confirm that that is the fact. The applications are made to various lenders and not to the department.

Then I was asked a further question by the hon. member for Gloucester as to the distribution of the material. I think I have sufficiently covered that point. The only

other point about which I was asked was raised by the hon. member for Northumberland-Miramichi and that is at page 1350 of *Hansard*. He raised a point about the maximum term of the loans. Some are presently restricted to a three-year term and he thought they might be extended to five or six years. I am informed that the loans in this particular category were restricted to a three-year term because of the rapid rate of depreciation of the subject matter involved. This, of course, is a matter of the views of the banks in regard to lending operations.

Mr. Robichaud: I thank the minister for giving us this information which is, I know, very valuable to those of us who come from the Atlantic provinces. I am surprised, although I mentioned it on February 24, that the credit unions have not taken advantage of this act. I am unable to find the real explanation for this attitude because we all know that credit unions are in existence in the maritime fishing communities. They are making loans on their own to fishermen and I think that a further step should be taken by the department to ascertain why the credit unions and the caisses populaires are not taking advantage of this act.

I mentioned before that they are in an even better position than the banks to take care of this type of loan because in many of the fishing communities, I would say in most fishing communities, the chartered banks have no branches. The only facilities in existence are those of the credit unions. I repeat that I am rather surprised to learn that in the Atlantic provinces where the credit unions and caisses populaires are so popular, they are not taking advantage of these facilities.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time, now?

Mr. Pickersgill: By leave.

Mr. Fleming (Eglinton) moved the third reading of the bill.

Motion agreed to, bill read the third time and passed.

PUBLIC SERVANTS INVENTIONS ACT

AMENDMENT RESPECTING ADMINISTRATION OF MONEYS

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill No. C-33, to amend the Public Servants Inventions Act.

Mr. Richard (Ottawa East): Has the minister got an explanation?

Mr. Churchill: I might make a short explanation. This amendment is brought forward for the reasons that are given in the explanatory notes that accompany the bill. In 1954 the Public Servants Inventions Act was brought before the house and was proclaimed in 1955. At that time provision was not made for the proceeds that would come as a result of the inventions which were patented to go other than to the consolidated revenue fund. The practice has grown up over the last three years for the corporation which operates under this measure to hold these moneys and pay out the awards. The Auditor General drew attention to that, and this amendment will make regular a practice which has been followed during the last three years.

The explanatory note says that the proceeds of any patent or invention coming under the act would ordinarily go to the consolidated revenue fund. The purpose of the amendment is to permit the corporation to which the administration and control of a patent or an invention has been transferred to retain the money arising therefrom, and to require that the money be used for the purpose of this act and the purposes for which the corporation was established.

The remainder of the amendment simply makes it retroactive so that the amendment will apply to all assignments that have already been made as well as assignments that may be made in the future. This is the whole purpose of the bill which is now before the house. We are not introducing any practice that has not been followed, but are simply adding a clause to section 9 of the Public Servants Inventions Act so that the whole procedure will be in accordance with the statute.

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I do not think that I am any more in favour of the Public Servants Inventions Act now than I was in 1954. I do not think that at this time I can make a speech on that subject. However, the minister has just said that the purpose of the amendment is to vest the moneys received from any invention by a public servant into a corporate agency instead of the consolidated revenue fund. This, of course, is quite true and as it should be in certain cases.

I am not at all clear, however, as to how this is done because in some cases it is true that there may be some receipts from an invention by a public servant which should be vested into a corporate agency to which they have been assigned. However, there are

some cases where an invention might be assigned to a private agency. Certainly, in that case I am wondering what that corporate agency would be. I feel, therefore, that I should reserve to the committee stage my attempt to ascertain what the situation may be as contemplated by the minister. I might also restate my stand and my reasons for being against the Public Servants Inventions Act.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to express the support of this group for this small measure. I must say that once again we are delighted to see the government giving effect to a couple of C.C.F. principles in this minor legislation. The first one, of course, to which effect is being given is in acknowledging the value of the principle of decentralization in the administration; and the second one is in desiring to promote, apparently by this amendment, departmental initiative and the initiative of the personnel of the departments in question. In his brief statement the minister mentioned that this small amendment makes it possible for the department or the government corporation in question or agency, I presume, to retain moneys, even to the advantage of the government corporation in question. We think that is a good principle because it is, in a limited way, giving effect to the principle which I have just mentioned previously. I noted that the minister said that it was now actually giving legal effect to something which had been accepted in practice for some time. I presume it is giving legal effect to the common sense of the people who were concerned with administration as a result of experience. We support this measure wholeheartedly.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—*Administration of moneys.*

Mr. Churchill: I understand the interest of the hon. member for Ottawa East in this bill. I have read with interest the remarks he made in 1954 when the bill was first before the house. I was just going to suggest to him that if he has any technical questions he would like to ask, the president of Canadian Patents and Development Limited, Mr. E. R. Birchard, is in the gallery and could come down here to assist me. Are there any technical matters which the hon. member wishes to discuss in connection with this legislation?

Mr. Richard (Ottawa East): Mr. Chairman, I think it is only a question of information that I should like to get at the present time from the minister. I do not think the questions will be technical. For example, in order to satisfy myself I should like to know the number of patents for inventions which were granted to civil servants who signified their intention to the deputy ministers. Then I should like to know how many patents were granted. Would the minister require assistance? Perhaps he would.

Mr. Churchill: I have some of this information here. The hon. member asked about the ones that had been submitted to the deputy minister. I am not sure that that information is before me. As to the inventions that have been submitted to Canadian Patents and Development Limited since June 1954, I can give him that information, as to the total.

Mr. Richard (Ottawa East): Pardon me, Mr. Chairman, but that is much different from the scope of the act. Just in order to make things a litle bit clear, may I say this. This act states that any public servant who invents anything—for instance, a new pencil—cannot obtain a patent unless he first submits his invention to the deputy minister who, at his leisure, can decide whether or not he will accept the invention. I am greatly interested in finding out how many such inventions were submitted to the deputy ministers and what was done about them. I think this is the first opportunity I have had to do so. That is the first question. Maybe the minister will require some information from someone else.

Mr. Churchill: Perhaps if I call Doctor Birchard down here he can supply us with some of that information. I do not see it in the documents that are in front of me here. I have lists of the types and the ones that originated or came from the national research council and those that came from other government departments but that does not give quite the answer that the hon. member is after.

Mr. Richard (Ottawa East): No. I have never been very much worried about patents of the research council, atomic energy or some of those corporations. But the scope of the act is so wide that a public servant who invents anything, because of the fact that he is a civil servant, cannot obtain a patent anywhere unless he first submits it to the deputy minister who may be active or who may be lazy, and in the meantime he will lose his right to the patent because the superior employee does nothing about it. The patent laws, not so much in this country but in other countries, are very stringent. If the deputy minister should decide that he has not time to look at this invention, and it is a public servant who has invented this pencil, I will call it—and I am not interested in pencils—and he belongs to, let us say, the

Department of Trade and Commerce, he cannot apply in the United States because a year has passed, or for some other reason in some other country. I am just anxious to find out the situation. I can understand this section being limited to inventions of corporate agencies of the crown.

Mr. Churchill: The difficulty that arises here is that the corporation handles only the inventions that are submitted to it. In order to get the information for which my hon. friend is asking each department would have to be queried. This corporation has not that information.

Mr. Richard (Ottawa East): I quite understand the point of my hon. friend. My only point is this. What corporation is he talking about?

Mr. Churchill: I am talking about Canadian Patents and Development Limited.

Mr. Richard (Ottawa East): Where do they come into the act? Just in order to help the minister out may I ask this question. Have we a new corporation?

Mr. Churchill: Section 9 of "An act respecting inventions by public servants" reads as follows:

> 9.(1) The administration and control of any invention vested in Her Majesty by this act and any patent issued with respect thereto are vested in the appropriate minister, and the appropriate minister may transfer such administration and control to any other minister or to any corporate agency of Her Majesty.

The practice is that these are referred to this corporate agency which we have been discussing, Canadian Patents and Developments Limited.

Mr. Richard (Ottawa East): Mr. Chairman, I can quite understand the hon. minister's attitude and what he has said, but surely he is not making a broad statement that all inventions submitted by public servants are referred only to this corporation?

Mr. Churchill: I do not think I said that, Mr. Chairman; I did not say they were all referred. As I read the act, the appropriate minister may transfer such administration and control.

Mr. Richard (Ottawa East): I only want to help the hon. minister. It may be sent to the research council, it may be sent to the atomic energy board, it may be sent to a number of places, and it may be kept with the minister who has received the invention. That is why I say that there seems to be no reason for this section, because there is no one corporate body, nor any corporate bodies as such, who receive all the inventions of public servants. I think my hon. friend the Minister of Trade and Commerce, who sympathizes with the rights of ordinary people, will appreciate that in this case the section makes no sense at all, because there is no such thing as a corporate agency existing which will do this job, which is that it "shall be used for the purposes of this act and the objects and purposes for which the agency was established". Now, what is that agency?

Mr. Churchill: Mr. Chairman, I think the hon. member, who made clear to the House of Commons in 1954 when he was discussing the act that he has considerable knowledge of patent procedure, is rather beside the point here tonight, when all we are discussing is an amendment to a bill which will make regular a practice which has grown up over the past three years. The subject matter which he is introducing now goes beyond the amendment which is before the house. He is suggesting that the bill itself is inadequate for the purpose for which it was set out. I do not see that his remarks, important and interesting as they are, really refer to the amendment which we are considering.

Mr. Richard (Ottawa East): Mr. Chairman, I would not mind helping the Minister of Trade and Commerce. I think this is a bad section, and that is very clear to a lawyer so eminent as himself, because the section says:

> Where pursuant to this section the administration and control of any invention or patent has been transferred to a corporate agency of Her Majesty, any money received by the corporate agency in the course of the administration and control of the invention or patent may be retained by that corporate agency, and shall be used for the purposes of this act and the objects and purposes for which the agency was established.

All I want to know, first of all, is what are those corporate agencies; second, how many patents or inventions were transferred to this agency; and third, how many patents were obtained under this section? Of course, I will say to the hon. minister that that leaves a blank in this act, a great blank. What happens to the revenue, or what was the revenue received from other patents which were not transferred to corporate agencies? I think we should be entitled to a broad statement.

Mr. Churchill: It is not possible to answer my hon. friend's second question, because the agency, as I mentioned earlier, deals with those inventions which are referred to it. Others which are made but do not come forward, and are not referred to this agency, naturally are not known, and I cannot give

him that information at the present time. According to the act, section 3 states:

> The following inventions, and all rights with respect thereto in Canada or elsewhere, are vested in Her Majesty in right of Canada, namely,
> (a) an invention made by a public servant
> (i) while acting within the scope of his duties or employment, or
> (ii) with facilities, equipment or financial aid provided by or on behalf of Her Majesty, and
> (b) an invention made by a public servant that resulted from or is connected with his duties or employment.

Canadian Patents and Development Limited is the agency which deals with these patents which are referred to it.

Mr. Richard (Ottawa East): Is the hon. minister assuring this house that that corporate agency is the only one which is to receive patent rights of public servants?

Mr. Churchill: No, I am not saying that at all. I am not quite clear just what the hon. member is driving at. This agency deals with the inventions which are referred to it.

Mr. Richard (Ottawa East): But does it, though? I am asking the hon. minister if he has proper advice that all inventions or public servants are dealt with by that particular agency?

Mr. Churchill: We are going back over what we have covered earlier, Mr. Chairman, because earlier on I read out the first subsection of section 9, which says:

> The administration and control of any invention vested in Her Majesty by this act and any patent issued with respect thereto are vested in the appropriate minister, and the appropriate minister may transfer such administration and control to any other minister or to any corporate agency of Her Majesty.

It does not follow from that that every invention made by a public servant is referred to Canadian Patents and Development Limited.

Mr. Richard (Ottawa East): That is the information I wanted to get. Therefore, this section would only cover such inventions on which patents have been obtained and which have been transferred to a corporate agency of the crown. Now what are the purposes of the corporate agencies of the crown for which this is to be used?

Mr. Churchill: Mr. Chairman, I must say the debate is ranging very far afield. When my hon. friend, the hon. member for Bonavista-Twillingate, was secretary of state and introduced this bill he outlined the purposes of the bill in the following words. He said, as reported on page 5008 of *Hansard* for May 24, 1954, that it:

> [Mr. Churchill.]
>
> —is to substitute a uniform legislative scheme for the various provisions on the subject contained at the present time in four different statutes.

Then he went on to say that the principle of the bill was that under the three circumstances set out there inventions made by public servants shall be the property of the crown. The then secretary of state pointed out, as the hon. member who is now asking the question realizes quite well because he participated in that debate, that it was just drawing together into one act things which were done under four different acts, namely under the Patent Act, under the Research Council Act, under the Atomic Energy Control Act and under the National Defence Act. They were drawn together into this one act, and this agency was set up to deal with inventions which were referred to it, which would obtain receipts from patents and pay out awards where it was deemed advisable.

Mr. Richard (Ottawa East): That is quite true but I am not associating myself with anything that was done by former heads of departments under that government. I am still interested in knowing for what purpose this new section has been introduced. Take Canadian Patents and Development Limited. What can it be used for?

Mr. Churchill: The hon. member for Ottawa East has, I feel sure, all the knowledge for which he is now asking by way of questions. I am sure that he has looked at the report of Canada Patents and Development Limited, as I have done. The report shows the income which the agency receives, and it shows the money which is paid out by that agency on receipt of an invention, in arranging for meeting expenses in connection with patent attorneys—I assume the hon. gentleman is familiar with that—and in promotion expenses involved in getting patents accepted, in paying out awards to inventors and so on in addition to the salaries paid to the staff engaged in the work of that organization.

Mr. Richard (Ottawa East): But I am too familiar with the patent system not to think that the valuable patents which have fallen into the hands of this agency have already been paid for, because they were assigned to this corporation and the corporation receives royalties much in excess of the disbursements, I hope, otherwise we should scrap the agency in this case. But there is more than one agency. Does this apply to the national research council? Does it apply to the mines department? Does it apply to the atomic energy board, to name three examples?

Mr. Churchill: I think that for the third or perhaps the fourth time I should say that we are dealing with inventions which are referred to Canadian Patents and Development Limited.

Mr. Richard (Ottawa East): Where does it say that in this section? I should be, if not happy, then fairly happy if it were said in this section that this was the case. But this is a small matter, Canadian Patents and Development Limited. The research council, the department of mines and all the others have in the past got some of the most valuable patents in this country. They do not belong to this agency. I think the minister does not have the right information.

Mr. Churchill: We are not talking about patents taken out under other agencies. This has reference to Canadian Patents and Development Limited.

Mr. Richard (Ottawa East): Oh, Mr. Chairman, it says in this section—

Mr. McIlraith: Read it out.

Mr. Richard (Ottawa East): I know that the minister feels the same way as I do about this matter, and he would like to understand it. I want to do this in a good-natured way. It says that where, pursuant to this section, and so on, a corporate agency—note that it says "a corporate agency" and not "the corporate agency." How many are there?

Mr. Churchill: At the moment there is just the one to which we have been referring. There may be another set up—

Mr. Richard (Ottawa East): Would not the minister so amend his section? I do not understand what good deeds this agency does. If we were dealing with a bill about the Red Cross I could understand it.

Mr. Churchill: It may be that some alteration should be made, as the hon. member is now suggesting. I am sorry he did not make these suggestions in 1954 when he was discussing this matter at great length. Obviously the intention of the act, on which he spoke at great length on that occasion, was that Canadian Patents and Development Limited should administer the Public Servants Inventions Act and this has been done now for the last three years in respect of the inventions and patents which have been referred to it.

Mr. Richard (Ottawa East): I certainly would not accept this bill, in view of the suggestion the minister has made, until such an amendment was included, because that point has now been made by the minister himself and I thank him for his appreciation of the situation. I do not blame the minister at all, but his reply still leaves the question open. What is happening to the other inventions? Where are they going and what is happening to the money? I might also ask this: What is happening to the people who submit inventions? Are they getting fair treatment or not?

I suggest it would be well for the minister —because this debate could go on for a long time—that he should consult with his advisers and adjourn the debate on this matter until such time as he has drafted an amendment which would be appropriate to the circumstances.

Mr. Churchill: I appreciate fully the remarks which the hon. member has made and I appreciate fully his interest in inventors, who he thinks may not be looked after as carefully as they should be. However, under this particular bill all we are hoping to do is to add a small amendment to section 9 in accordance with the suggestion made by the comptroller general so that the moneys that are paid in may continue to go to Canadian Patents and Development Limited as they have been going for the last three years, and as they did under the former Liberal government, instead of going direct to the receiver general.

It is in accordance with that suggestion that this amendment has been put forward. The corporate agency that is mentioned here was understood by all those who were dealing with this to be Canadian Patents and Development Limited and I think perhaps that was in the mind of my hon. friend as well.

Mr. Richard (Ottawa East): No, Mr. Chairman, it never was. That corporate agency is a small corporate agency of the crown as far as patents are concerned. The Department of Mines and Technical Surveys has some of the most important patents in this country if not in the world and this is also true of the atomic energy control board. For instance, I could also make mention of Polymer Corporation and a number of other such agencies.

I find that I am raising my voice and this is not fair. I assure the minister that I am not directing my emotional outburst against him. I would not dare raise my voice toward the Minister of Finance because we are too friendly. That hon. gentleman is a lawyer and I am sure he would say, as a lawyer, that we should put this aside for a while and do a good job of it.

Mr. Churchill: Mr. Chairman, may I point out that Canadian Patents and Development Limited has been receiving revenue from inventions which have originated with the

National Research Council, the Fisheries Research Board, the Department of National Defence and the National Film Board, to mention but a few. Surely that is an indication that the system has been working satisfactorily. I have heard nothing by way of complaint, criticism or suggestion until this evening. The hon. gentleman himself has not in the past raised the problems which he is now putting before the committee.

Mr. Richard (Ottawa East): But oh, Mr. Chairman, I have. What the minister just said confirms my statement. If this is intended to place in the hands of a particular crown corporation the patents it receives the statement should be limited to that. If that is the case I would then be in a position to seek some information. I want to know a great deal about the number of patents that have been received by that particular corporation, the amount of revenue received and the plight of the inventors, et cetera. This section does not state to what corporation these matters are related.

Mr. Churchill: Mr. Chairman, would it make a serious difference to my hon. friend if there were several corporate agencies to which this might apply? It happens to apply to Canadian Patents and Development Act.

Mr. Richard (Ottawa East): Yes, it would make a difference because it would contradict the minister's statement. He just informed us to what corporation it relates. It mentions "a" corporate agency, not "any" corporate agency. There are many questions which would follow, of course.

Mr. Churchill: Mr. Chairman, apparently the hon. member is not prepared to accept my statement that we are dealing with Canadian Patents and Development Limited which is the corporation that was considered when this amendment was introduced in the act.

Mr. Richard (Ottawa East): I do not agree that it was considered at that time. I have never been at all satisfied with this act. Since registering my objections in the past this is the first opportunity I have had to find out what is happening to the inventions of public servants. I am very much surprised that my hon. friends who sit in that party to my right and who speak with such eloquence about the rights of men do not awaken and seek to find out what is happening with respect to the inventions of public servants and the benefits that accrue therefrom. Perhaps those hon. gentlemen feel we should socialize everything.

Mr. Herridge: If I may reply to that, Mr. Chairman, I would say that the hon. gentleman is confusing everyone more and more—

[Mr. Churchill.]

Mr. Richard (Ottawa East): Especially the hon. gentleman who is now on his feet.

Mr. Herridge: —and he is certainly confused himself. I feel that he actually misunderstood the real intent of this bill.

Mr. Richard (Ottawa East): Mr. Chairman, with all the deference at my command may I suggest that the hon. gentleman completely fails to understand the meaning of this bill As a lawyer and as one who is interested in the rights of Canadian citizens I want to know what is happening to the inventions of public servants. I was very free in the criticism I made of this act under the former administration and I feel equally free to criticize this legislation now. This is a loosely drawn act that forfeits the rights of citizens perhaps simply because they are mere civil servants, as it were. As it is presently drawn any agency of the crown or any other body such as General Electric or Westinghouse could take the invention of a civil servant and do what it liked with it paying only a certain royalty to be decided by the cabinet. I am sure my hon. friends would wish to see this section properly re-written.

Mr. Herridge: Mr. Chairman, may I be permitted to ask the hon. gentleman if this bill was not passed by the former administration?

Mr. Richard (Ottawa East): Not this bill, Mr. Chairman.

Mr. Herridge: I mean the act.

Mr. Benidickson: Mr. Chairman, may I ask the minister if this organization, Canadian Patents and Development Limited, is the organization about which we have recently read something in connection with the electronics field and the representations to Washington that became necessary on the part of the Minister of Justice? Is this the agency or entity that is involved?

Mr. Churchill: Not this one, Mr. Chairman.

The Deputy Chairman: Shall clause 1 carry?

Mr. Richard (Ottawa East): No, Mr. Chairman. After all, I have not been able to get anywhere with the minister. I quite appreciate that he realizes this is a bad section and it requires amendment.

Mr. Churchill: You said the whole bill is bad but you fellows passed it.

Mr. Richard (Ottawa East): Oh, Mr. Chairman, that is an old, tired and dull story which we have heard many times before. I am pretty sick of that story and perhaps I should have risen on a previous occasion and said the same thing to other ministers.

I am not one who follows foolishly along without questioning a course of action that is being taken. This is not in accord with my training as a lawyer.

It appears that the minister does not want to take any responsibility in this regard. I know that ministers do not want to take responsibility. May I point out, however, that this bill requires our being given a lot of information and unless I receive from the minister an assurance that he will drop this clause for a few days and amend it, I shall start asking questions.

Mr. Stinson: Mr. Chairman, I wonder if the hon. member could assist the minister and hon. members of the committee by asking his questions in a clear, concise and systematic way in order that they may be dealt with in the same fashion?

Mr. Richard (Ottawa East): But surely, Mr. Chairman, I already have asked a number of questions.

Mr. Stinson: Yes, but not clearly.

Mr. Richard (Ottawa East): In the first place I want to know what is the corporate agency? I think it should be included in the bill. That is my first question. From there I am prepared to go on to ask how many patents have been sent to this agency, how many have been refused by the agency, how many people have lost their inventions because they were sent to the agency, what was the amount of revenue that accrued to the agency since its inception and what corporations have received assignments from the agency?

An hon. Member: Put it on the order paper.

Mr. Richard (Ottawa East): Mr. Chairman, may I inform hon. members opposite that they are lucky that I do not get up on my feet more frequently because as far as taking care of them verbally is concerned and meeting their silly innuendoes I am capable of doing it at any time. I am not worried about that at all. I have been pretty decent and kept to the law. We could talk in this way until 10.00 o'clock. I think the minister would agree with me that it would be much better to come around with a section that is properly drafted and also agree that somebody has drafted a bad section. It would not take much time on the next occasion to pass it.

Mr. Churchill: Some of the questions which the hon. member is asking go beyond the scope of the act. He is asking about matters with regard to inventions which do not come to the attention of Canadian Patents and Development Limited. These questions can be put on the order paper and made applicable to each department, if he so desires, and he could get the answers to them. He is asking questions with regard to how many inventions have been refused by the corporation. These are things that could easily be put on the order paper and the answer could be produced and given to the hon. member at any time.

Mr. McIlraith: I would like to raise a point of order. We are dealing with an amendment concerning the Public Servants Inventions Act. The clause in the amending bill deals with the transfer of such inventions and patents to a corporate agency of Her Majesty. It could be any one of a great many corporate agencies of Her Majesty.

The minister is seeking to argue now that he does not have to answer questions as to the number of patents of public servants which have been granted within the time of the act, or of the inventions. Surely it is not tenable to hold such a position at all because how can the bill have any meaning if it is not to cover any of the inventions or patents of public servants, or if it is to cover part of them? What percentage is it to cover? Certainly the position is not tenable at all. Surely we are entitled to this information which is clearly within the purport of the amending bill now before the committee.

Mr. Richard (Ottawa East): I am still looking for information, Mr. Chairman. If the minister intends to make a corporate agency I want to have a statement from him as what that corporate agency is, and whether it is the only one within the terms of the act. I am entitled to find out how many inventions have been referred to this so-called corporate agency. I know the minister is busy with my good friend, the Minister of Finance, who will soon reduce the taxes.

Mr. Churchill: Go ahead.

Mr. Richard (Ottawa East): I hope it is not the corporation which will give the revenue. As I said before, I am entitled to get this information from the Minister of Trade and Commerce, who I am sure thought that this was an innocent bill. In view of his great respect for the rights of public servants who are already under the preceding section 9, in my opinion at least, treated in a very, as the Prime Minister would say, cavalier fashion—I am not trying to imitate the Minister of Finance when I speak in this way.

Mr. Fleming (Eglinton): Go ahead, why not?

Mr. Richard (Ottawa East): Well, it was very successful. I ask the minister what is

the corporate agency? Will the Minister of Trade and Commerce not give to the committee information as to the number of applications as distinct from patents, because these are the two things which have been referred to this agency. My second question is, what did the inventors, or the so-called inventors, get out of it and, third, which is much more important, to whom are they assigned? To what private corporations are the inventions of public servants assigned for the receipt of a very small royalty? What were the receipts and to what use were they applied?

Mr. Herridge: Mr. Chairman, I cannot resist getting up in view of the hon. member turning and shaking his fist at this group. We wish he would be more concerned about the human rights and fundamental freedoms of the loggers in Newfoundland and the people in Newfoundland than he is over this minor, paltry matter which is essentially for the protection of the exchequer of this country.

Mr. Richard (Ottawa East): Mr. Chairman, at this time, if I were the hon. member, I would be much more concerned about the deficiency payments than the rights of the loggers of Newfoundland.

Mr. Winch: We thought the government was worrying about that.

Mr. Pickersgill: I would like to ask the minister a question. He pointed out that this legislation was originally introduced by the secretary of state. At the time I happened to be the secretary of state who administered this act. How does it come about that it is the Minister of Trade and Commerce and not the Secretary of State who is sponsoring the amendment of the act?

Mr. Churchill: At the time that the hon. member for Bonavista-Twillingate introduced this act in 1954 he was secretary of state. He introduced it with some reluctance and in the course of that debate referred to the minister of trade and commerce to assist him. Subsequent to that it was decided by, I presume, the former government that the administration of this act might very well come under trade and commerce and that is how it happened to come to my attention.

Mr. Pickersgill: The minister is well aware that it is not possible to transfer the function of one department to another department except by an order in council under the transfer of duties act. Can the minister give us the date and the number of the order in council which transferred the administration from the department of the Secretary of State to his department?

Mr. Churchill: I think we can get that information for the hon. member. Actually, I should have said this comes under the national research council and I happen to have some responsibility to report to parliament on behalf of the national research council. But if the hon. member wants that type of information I am quite sure that it can be given. In fact, any of the questions which have been asked tonight can be answered. There is no desire to conceal anything. Some of the information is right here. If the hon. member for Ottawa East had not taken up so much time I could have told him the people to whom the awards are being paid and the organizations from which some of those inventions have come forward and the amount of royalties which have been received, and so on, but the time has elapsed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder whether I could ask the leader of the house if there is any change in the order for tomorrow?

Mr. Green: Tomorrow we shall commence with the bill which has just been under debate and then take item No. 6, the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act; then item No. 15, the resolution concerning freight rates; then item No. 4, second reading of the act to amend the Canada Shipping Act; item No. 1, that is the act confirming an agreement between the federal government and the province of New Brunswick respecting Indian reserves, and the motion to set up the committee to study the Indian Act.

Mr. Pickersgill: Is it intended to go on with that business on Thursday or is it intended to go on with estimates on Thursday?

Mr. Green: I am not sure at the moment, but probably we would go on with estimates.

It being two minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

UNEMPLOYMENT INSURANCE COMMISSION AGENTS

Question No. 174—**Mr. Robichaud:**

1. What are the names and addresses of persons appointed to act as agent to the unemployment insurance commission?
2. By whom was the recommendation made in each case?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1 and 2.

Agent	Address	Recommended by
Kenneth Moyes	Merritt, B.C.	*LOM, Princeton, B.C.
James Norbury	Terrace, B.C.	LOM, Prince Rupert
J. Allbert Balcers	Golden, B.C.	LOM, Vernon
Lloyd W. Green	Hope, B.C.	Minister of Labour
Charles Edwin Wright	Burns Lake, B.C.	LOM, Prince George
Ed. Meade	Campbell River, B.C.	Minister of Labour
George Northey	Powell River, B.C.	Minister of Labour
E. A. Hebditch	Atikokan, Ont.	LOM, Fort William
Charles A. Killan	Camrose, Alta.	LOM, Edmonton, Alta.
John Cecil Armistead	Swan River, Man.	LOM, Dauphin, Man.
B. L. Brady	Wetaskiwin, Alta.	Minister of Labour
Mrs. Olive Woodward	Uranium City, Alta.	Minister of Labour
Wilfred A. Sims	Little Current, Ont.	Postmaster, Little Current
Joseph Simpson	Mattawa, Ont.	LOM, Sudbury, Ont.
Leo DesGroseilliers	Alexandria, Ont.	LOM, Cornwall, Ont.
Peter Battman	Campbellford, Ont.	Minister of Labour
Raymond Zillney	Barrys Bay, Ont.	LOM, Pembroke
Lloyd McClelland	Blind River, Ont.	LOM, Sudbury, Ont.
W. N. Irwin	Temiscamingue, P.Q.	Minister of Labour
Elmer Steele	Port Loring, Ont.	Minister of Labour
Bernard Morris	Riviere-au-Renard, P.Q.	LOM, Gaspe, P.Q.
Adalbert Canuel	Cabano, P.Q.	LOM, Riviere du Loup, P.Q.
Roger Gagnon	St. Pacome, P.Q.	LOM, Riviere du Loup, P.Q.
Paul Denoncourt	La Sarre, P.Q.	LOM, Rouyn
Jean-Marie Tremblay	Chibougamau, P.Q.	Minister of Labour
Omer H. Gagnon	Cap Chat, P.Q.	Minister of Labour
Rejean Racicot	Amos, P.Q.	LOM, Val d'Or, P.Q.
Ovila Legault	Barraute, P.Q.	LOM, Val d'Or, P.Q.
Camille Dumais	Sayabec, P.Q.	LOM, Causapscal, P.Q.
Emile Michaud	Ste Anne des Monts, P.Q.	Minister of Labour
Mrs. Arcade Lemire	Ville-Marie, P.Q.	Minister of Labour
Vernon J. Fraser	Souris, P.E.I.	LOM, Charlottetown, P.E.I.
Eugene Malloch	Lockeport, N.S.	LOM, Liverpool, N.S.
Mrs. Estelle A. Saulnier	Tracadie, N.B.	LOM, Bathurst, N.B.
Omer de Grace	Shippegan, N.B.	Minister of Labour
Leonard Legere	Caraquet, N.B.	LOM, Bathurst, N.B.
Leroy McDonald	Antigonish, N.S.	LOM, New Glasgow, N.S.
Gerald Rooney	Alberton, P.E.I.	Minister of Labour
E. L. McCollum	Chipman Village, N.B.	Minister of Labour
Joseph Boulet	Grand Falls, N.B.	Minister of Labour
Armand Martin	Clair, N.B.	Minister of Labour
Robert Picard	St. Leonard, N.B.	Minister of Labour
Joseph Lejeune	Jaquet River, N.B.	Minister of Labour
Edgar J. Somers	St. Quentin, N.B.	Minister of Labour
Garfield Stewart	Plaster Rock, N.B.	Minister of Labour
Leo Bruce	Stephenville, Nfld.	Minister of Labour

*Local office manager (unemployment insurance commission).

DRUMMONDVILLE, QUE. ARMOURIES

Question No. 206—**Mr. Boulanger:**

1. Was the armouries at Drummondville rented to any organization on February 14, 1959?
2. If so, what was the total rental paid by the said organization including any supplemental charges for insurance, etc.?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

Questions

1. No.

2. Not applicable.

ALASKA HIGHWAY

Question No. 213—**Mr. Argue:**

1. On what date was the Alaska highway completed?
2. How many miles long is it, and what points does it connect?
3. Of this, what portion lies in Canada?
4. Is the government or any agency paving any portion of the Canadian section?
5. If so, when did it begin this program, how many miles have been paved each year, from what point was it started, what agency authorized the paving program, and what agency is doing the actual paving?
6. What is the estimated time it will take to finish the paving program?
7. What has been the cost of the paving program each year?
8. Has the government an estimate of the total cost of the program?
9. If so, what is the estimated total cost?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. The Alaska highway was opened for traffic on November 20, 1942.

2. The Alaska highway, which is 1517 miles in length, begins at the railhead in the town of Dawson Creek, B.C., and extends northwesterly for 1422 miles across the province of British Columbia and the Yukon territory to Big Delta, Alaska, where it joins the Richardson highway. The Richardson highway provides the final 95-mile link to Fairbanks, Alaska.

3. The section of the Alaska highway which traverses Canadian territory, from Dawson Creek, B.C., to the Alaska-Yukon border, is 1221.4 miles in length.

4. Yes. 85 miles of the Canadian section of the Alaska highway is being paved.

5. (a) Preliminary engineering work began on August 26, 1957. (b) Schedule of completion of paving: 1958, 38 miles; 1959, 13 miles; 1960, 34 miles. (c) Paving commences at mile 1.4 (Dawson Creek). (d) Department of National Defence. (e) Defence Construction (1951) Limited. (By public tender).

6. The estimated completion date for the first 51 miles is August 1959 and it is expected that the balance will be completed by July 1960.

7. Fiscal years 1957-58, $351,380; 1958-59, $1,971,093.

8 and 9. The estimated total cost of the 85 mile length of the highway is $5,650,000.

CANADIAN ARCTIC—DISPUTES AS TO OWNERSHIP

Question No. 215—**Mr. Argue:**

1. Has a dispute ever occurred at any time since 1900 between Canada and (a) the Union of Soviet Socialist Republics; (b) the United States of America, concerning the ownership of any portion of the Canadian Arctic?
2. If so, on what dates did these occur, what was the area involved, what was the nature of the dispute, and what settlement was made?
3. Are there any disputes still unsettled?
4. If so, what is the nature of the dispute in question?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

1. A search of departmental records has failed to disclose any dispute since 1900 between Canada and either the Union of Soviet Socialist Republics or the United States of America concerning the ownership of any portion of the Canadian Arctic.

2. Answered by 1.

3. Answered by 1.

4. Answered by 1.

ACME, ALBERTA, POST OFFICE

Question No. 223—**Mr. Denis:**

1. Was an agreement entered into by the federal government in 1953 or 1954 with respect to the construction of a building to be used in whole or in part as a post office in the village of Acme, Alberta?
2. If so, what are the terms of the said agreement?
3. Is another building being constructed at present for the same purpose?
4. If so, who is the owner of the said building and what is the estimated cost of same?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. No. The federal government did enter into a lease in 1954 covering the ground floor of a building on Main street, Acme, Alberta, to house the post office.

2. The lease covers the ground floor of a building on Main street, Acme, Alberta, having a floor area of 1,000 square feet, at a rental of $1,920.00 per annum, for a period of five years from September 1, 1954, with option to the crown to renew for one year on same terms and conditions. Mr. Leo Lavoie, as the lessor, is responsible for all repairs, payments of taxes, water rates, provision of heating, lighting, cleaning, janitor service and toilet accommodation.

3. A contract was awarded on November 26, 1958, for the construction of a post office building.

4. Department of Public Works, $17,721.61.

VOCATIONAL TRAINING PAYMENTS, QUEBEC

Question No. 228—**Mr. Meunier:**

What amounts were paid to the province of Quebec each year since 1942 to date, under the provisions of the Vocational Training Co-ordination Act, as (a) allotments authorized; (b) expenditures; (c) youth training; (d) vocational school assistance; (e) apprenticeship training?

Answer by: **Hon Michael Starr (Minister of Labour):**

See tables 1 and 2.

TABLE I

ALLOTMENTS

To province of Quebec Under Vocational Training Co-ordination Act for youth training, vocational schools' assistance, apprenticeship training and training of unemployed workers

Fiscal year	Youth training	Vocational schools' assistance	Apprenticeship training	Unemployed workers
	$	$	$	$
1942–43	130,000.00	Nil	Nil	Nil
1943–44	155,000.00	Nil	Nil	Nil
1944–45	135,000.00	Nil	Nil	Nil
1945–46	135,000.00	(3,139,400.00)(1) (609,400.00)	Nil	Nil
1946–47	150,000.00	609,400.00	Nil	Nil
1947–48	130,000.00	609,400.00	Nil	Nil
1948–49	125,000.00	609,400.00	Nil	90,000.00
1949–50	125,000.00	609,400.00	Nil	60,000.00
1950–51	122,000.00	609,400.00	Nil	55,000.00
1951–52	155,000.00	609,400.00	Nil	14,000.00
1952–53	177,753.00	638,100.00	Nil	15,000.00
1953–54	175,000.00	638,100.00	Nil	25,000.00
1954–55	Nil	638,100.00	Nil	Nil
1955–56	Nil	638,100.00	Nil	Nil
1956–57	Nil	638,100.00	Nil	Nil
1957–58	Nil(2)	Nil(3)	Nil(4)	Nil(2)

(1) Amount of $3,139,400.00 allotted in 1945 for expenditure as required over 10-year period.
(2) Quebec did not renew agreement when it expired March 31, 1954.
(3) Agreement expired March 31, 1957. Quebec did not enter into vocational and technical training agreement No. 2, which succeeded this agreement.
(4) Quebec did not enter into agreement.

TABLE 2

PAYMENTS

To province of Quebec Under Vocational Training Co-ordination Act for youth training, vocational schools' assistance, apprenticeship training and training of unemployed workers

Fiscal year	Youth training	Vocational schools' assistance	Apprenticeship training	Unemployed workers
	$	$	$	$
1942–43	98,509.12	Nil	Nil	Nil
1943–44	90,409.67	Nil	Nil	Nil
1944–45	168,241.36	Nil	Nil	Nil
1945–46	79,735.21	416,755.99	Nil	Nil
1946–47	130,298.79	595,462.25	Nil	Nil
1947–48	181,834.33	2,098,305.09	Nil	Nil
1948–49	124,976.56	1,895,041.31	Nil	Nil
1949–50	124,434.83	786,136.37	Nil	Nil
1950–51	119,620.68	714,058.90	Nil	8,354.22
1951–52	124,446.15	797,037.24	Nil	12,992.59
1952–53	182,921.27	728,889.94	Nil	13,940.98
1953–54	201,182.57	653,655.35	Nil	22,593.77
1954–55	Nil	638,100.00	Nil	Nil
1955–56	Nil	638,100.00	Nil	Nil
1956–57	Nil	638,100.00	Nil	Nil
1957–58	Nil(1)	Nil(2)	Nil(3)	Nil(1)

(1) Quebec did not renew agreement when it expired March 31, 1954.
(2) Agreement expired March 31, 1957. Quebec did not enter into vocational and technical training agreement No. 2, which succeeded this agreement.
(3) Quebec did not enter into agreement.

Questions

VOCATIONAL TRAINING SCHOOLS, QUEBEC

Question No. 229—**Mr. Meunier:**

1. How many vocational training schools were built in the province of Quebec since 1942, under the provisions of the Vocational Training Co-ordination Act?

2. Where are these schools located and what was the contribution of the federal government in each case?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. 38 schools.

2. Location of schools and amount of federal government contribution toward capital costs of each school are shown on attached table.

Federal government contributions to Province of Quebec under vocational schools assistance agreement on behalf of capital expenditures for vocational schools

Location of school	Amount
	$
Cap de la Madeleine	276,300
Chicoutimi	224,606
Drummondville	111,372
Duchesnay Forest protection school	10,759
Duchesnay forest ranger school	15,057
Duchesnay sawmill school	118,751
Granby arts and crafts	85,150
Grandes Bergeronnes	7,500
Hull technical school	126,670
Joliette	140,000
Lauzon	45,000
Maisonneuve	200,000
Montmagny	155,000
Montreal auto school	40,000
Montreal central school of arts and crafts	175,200
Montreal headquarters arts and crafts school	289,242
Montreal domestic science school	9,451
Montreal furniture school	36,881
Montreal graphic arts	677,222
Montreal Octave Casgrain	67,150
Montreal technical school	276,988
Montreal West	200,427
Quebec auto school	148,000
Rimouski technical school	293,450
(Contributions to Rimouski school do not include special grant for rebuilding after fire amounting to $264,461)	
Rouyn	65,000
St. Gabriel de Brandon	68,582
St. Hyacinthe technical school	335,070
St. Jean	129,700
St. Jerome	204,950
Shawinigan Falls	78,000
Sherbrooke	162,500
Sorel	143,582
Thetford	110,000
Three Rivers papermaking school	335,950
Three Rivers technical school	302,350
Valleyfield	28,000
Grand Mere arts and crafts school	300,957
Quebec technical school	320,615

HOUSE OF COMMONS

Wednesday, March 11, 1959

The house met at 2.30 p.m.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—STATEMENT ON ACTIVITIES OF R.C.M.P. IN LABOUR DISPUTE

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, in view of the importance of the subject and the concern over the situation, I should like to make a statement to the house as to the present position in the strike area in Newfoundland in so far as the R.C.M. police are concerned. I should like to make clear at the outset, as I shall be doing in more detail later on, that at no time have the police acted as strikebreakers, taken sides in the strike, or escorted or attempted to escort anyone through a picket line. They have acted throughout in strict conformity with their duties as police responsible for the protection of property and the maintenance of law and order, and indeed have conducted themselves admirably throughout a long and extremely trying period, and sometimes in the face of great provocation.

The functions of the R.C.M. police in this situation are determined by the provisions of the police contract between Canada and Newfoundland, the relevant provisions of which are paragraphs 4 and 5, which are as follows:

> 4. The division shall perform in the province such duties and render such services as are ordinarily performed by peace officers in aiding the administration of justice and in carrying into effect the laws of a provincial legislature.
>
> 5. The officer commanding the division shall for the purposes of this agreement act under the direction of the attorney general of the province in aiding the administration of justice in the province and in carrying into effect the laws of the legislature.

A copy of this contract was tabled in the house on February 16.

It is of course the obligation of a police force at all times to enforce the provisions of the Criminal Code. These duties involve normally the investigation of acts of violence which are a breach of the code, such as assault and damage to property, and arresting offenders who commit such acts. It is an unfortunate fact that as a result of the tension and bad feeling engendered in the course of this strike, as between those who wish to continue working and those who wish to prevent anyone from working, cases of assault and damage to property have been multiplied, thus magnifying the burdens of law enforcement.

The fact that there is a strike, however, does not relieve the police of their responsibilities in this field, but on the contrary imposes upon them extra duties of taking precautions to see that the tension and bad feelings engendered are not in fact allowed to result in general lawlessness and violence. They must protect the public—and this includes those involved in the dispute—against the possibility of excesses arising out of the tense situation.

In addition, under strike conditions there arises the further obligation of enforcing section 366 of the Criminal Code, which deals specifically with picketing and makes it unlawful for anyone engaged in picketing to use violence or threats of violence to any person, or intimidation, or to indulge in disorders. In particular, section 366 makes it unlawful to block or obstruct the highways.

It will thus be seen that under strike conditions the police are bound to be called upon from time to time to perform special duties such, for instance, as to make sure roads are kept open for traffic. Under normal conditions the necessity for such action does not arise, but under strike conditions it is a specific duty they have to perform.

It is apparent that the manner in which the police have discharged their duties must be judged against this background. Regard must be had to the nature of the problems with which they had to deal, the area in which they have had to carry out their duties and the total numbers of the loggers involved and of the police available.

The most troubled area is that of Grand Falls, particularly the Badger district. The Grand Falls area, extending from Gander lake to Millertown, stretches across a front of approximately 75 miles. The area involved extends southward across the island for a distance of 50 to 60 miles. If the Corner Brook district, where about 1,000 of the Bowater company's loggers are out on strike in sympathy with the Anglo-Newfoundland Development Company loggers, were included, then the area would be extended by a further 300 miles.

There are many thousands of loggers involved. Indeed, I have seen one estimate

which puts the number as high as 18,000. I am informed that a substantial number of the 1,000 loggers at Corner Brook, whom I have mentioned, have just moved over to the Badger district to support the strikers in that area. As against this I am advised that the total police strength attending to the strike situation is 143, the majority of whom are employed in the most troubled area around Badger. This strength has recently been supplemented by a group of some 25 from the Newfoundland constabulary, who normally police the city of St. John's and are not part of the R.C.M. police.

As I have stated, the actions of the police in this very difficult situation have been entirely preventive. Their actions have been limited to enforcing the provisions of the Criminal Code against assault, damage to property, acts of violence, obstruction of roads and other similar provisions.

Furthermore, the position of the police as I have described it has been outlined by responsible police officers to the union officials concerned, by whom it has been accepted. In addition the police have been at pains, in all cases where picket lines have been established or where men have gathered on the roads, to explain to them the limits imposed upon their activities by the Criminal Code.

It is an unfortunate fact that since the commencement of this strike, and particularly within the last six weeks, it has been necessary to make a number of arrests and charges. The total number of charges laid in this period has been 202, which have been disposed of as follows: convicted, 71; dismissed, 15; awaiting trial, 75; withdrawn 41.

Since there have been a number of accusations made against the police which have arisen in the main out of three major incidents, I should give here a factual account of what actually took place on those occasions, because the facts demonstrate most clearly that the police have only acted when the provisions of the Criminal Code have been violated.

The first incident was on February 7, when 84 strikers went to two camps in the Badger district at about 3.30 a.m. At the first camp they forced 50 workers out of their building and left them to walk in sub-zero weather to Badger, about 10 miles away. Many of the workers were insufficiently clothed. At this camp they broke windows and furniture and did other damage to property. At the second camp they threatened violence, with the result that 23 loggers decided to leave. As a result of these violations 79 men were arrested and charged.

The second incident took place on March 9. About 45 pickets blocked the main road leading to Halls Bay. A police patrol went out and persuaded the pickets to cease their obstruction, which they did. On the way back the patrol met a crowd of about 200 on the same road; they radioed for help and on the arrival of reinforcements the crowd opened up and ceased to obstruct the road. On both these occasions on that day, therefore, the police were able to discharge their duties by peaceful persuasion and no arrests were made.

The third incident was last night. At about 5.00 p.m. yesterday the police detachment at Badger reported a crowd of about 250 collecting on the road outside the town. In order to prevent or remove the obstruction the police detail went to the scene and saw that a car which was trying to get through had been stopped by the crowd, its windows had been broken and the car had been forced to turn back. It was also observed that this crowd was armed with sticks, peaveys and bottles. It was established later that one of them was carrying an axe.

A call was sent for a police detail from Grand Falls to help deal with this situation, since the road was blocked. On arrival of a detail of some 50 police, including some members of the Newfoundland constabulary, words were exchanged in which the police clearly indicated that the obstruction could not be allowed to continue and the group must disperse. One of the crowd then swung an axe at one of the leading policemen. The police moved in to arrest him. This led to a clash. A member of the Newfoundland constabulary was struck on the head with a club and critically injured. This clash lasted for some ten minutes. Nine of the apparent ringleaders were arrested and the balance dispersed into nearby brush. I am informed that two of the crowd of strikers were also injured, but the extent of their injuries is not known. The member of the Newfoundland constabulary is critically ill in hospital.

In concluding this statement, Mr. Speaker, I should like to make it clear that I have made this report to the house not because I as Attorney General of Canada have any immediate responsibility for the enforcement of law and order in the province of Newfoundland, but simply in my capacity as minister responsible for the Royal Canadian Mounted Police. As such it is my concern to see that the police discharge their responsibilities wherever they may arise, and it is also my concern to investigate any criticism of the conduct of the R.C.M. police. I have investigated and reported upon the situation accordingly.

I am satisfied from my investigation that there is no foundation for any suggestion that the police have permitted themselves to be

used as strikebreakers. I am also satisfied that they have acted strictly within the limits of their duties in connection with the enforcement of the criminal law as these duties are multiplied under the circumstances of a strike. Indeed, it is apparent that the approximately 150 police involved have done a thoroughly creditable job in their efforts to preserve the peace over a long period under most trying and difficult circumstances.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all hon. members of the house will have listened with great interest to the report which has just been made by the minister in, as he has stated, his capacity as the minister responsible for the activities of the Royal Canadian Mounted Police in the responsibilities they have incurred as the result of an agreement made with the government of the province of Newfoundland. I am sure the house will have learned with satisfaction that the Royal Canadian Mounted Police are discharging with restraint the responsibilities arising out of an extremely difficult and indeed very distressing labour situation; that their activities have been confined solely to the maintenance of peace; have been preventive in that sense, and also that they have not been concerned in any way, shape or form with any strikebreaking activities. We would expect that from the R.C.M.P. under any circumstances.

I am sure also the house will have learned with great regret from the minister and from the press of the most unfortunate clash at Badger last evening which has resulted in injury, especially in grave injury, to a member of the Newfoundland police. Pershaps, Mr. Speaker, since we are dealing at this time only with the relationship of the R.C.M.P. to this matter, that is all I can usefully say.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the incidents to which the Minister of Justice has referred have been serious ones. They are incidents which give us cause for concern, and to which I am sure all members of parliament generally are giving their attention at this time. I listened very carefully to the statement of the Minister of Justice. So far as the C.C.F. group are concerned we shall have to examine very carefully the statement he has made, because we feel that as a basic principle the Royal Canadian Mounted Police should never be used as strikebreakers.

Mr. McPhillips: What do you mean?

Mr. Argue: And should not be used in any way detrimental to human rights and fundamental freedom.

Some hon. Members: Oh, oh.

Mr. Argue: We in this group believe that those incidents were unnecessary and could have been avoided. We feel that in this very difficult situation the government is justified in giving the most active and earnest consideration to whether or not it should set aside the law of Newfoundland.

Some hon. Members: Order.

Mr. Speaker: Order. I would ask the hon. member for Assiniboia to consider whether it is proper to go beyond the matter which was raised by the statement of the minister. I appreciate that he would like to comment on broader aspects of this matter, but I do not consider that appropriate at this stage of the proceedings.

Mr. Argue: On the point of order which you have raised, Mr. Speaker, I submit with great deference that in relation to these very tragic incidents it is most appropriate that a member should comment on the things that can be done to prevent these incidents happening. We have referred to this in the past. We know that it is now before the governor in council—

Mr. Speaker: Order. I cannot accept the hon. member's interpretation of what is proper to be done at this stage. The matter which is raised is the responsibility of the federal authorities for the Royal Canadian Mounted Police and their activities in connection with the keeping of order in Newfoundland, and not the matter on which I apprehend the hon. member was about to embark, namely the question of the recent legislation of Newfoundland. I would consider that out of order, and I ask him not to enter on that subject.

Mr. Argue: Mr. Speaker, the Minister of Justice went over in some detail some of the circumstances surrounding the incidents to which he referred. I hold in my hand further comment on this latest incident. It is reported in today's Toronto *Star* as follows:

> Marching three abreast and carrying nightsticks a column of 66 policemen waded into a throng of striking loggers last night, clubbed two of them unconscious, flattened dozens more, while wives and children screamed for them to stop.

Some hon. Members: Oh, oh.

Mr. Argue: I continue:

> I watched the attack on mainly defenceless men for about an hour.

I do not intend, Mr. Speaker, to read the whole of this news report into the record.

Mr. Churchill: May I ask the hon. member a question? Does the hon. member accept that statement as his own and take responsibility for it?

Mr. Argue: Mr. Speaker, I am not accepting—

Some hon. Members: Oh, oh.

An hon. Member: Coward.

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

Mr. Argue: I am referring to something that I feel should cause all members of the house concern.

Mr. McDonald (Hamilton South): It does.

Mr. Argue: I am certain that it causes the cabinet concern. I am asking that this report, in addition to the information the Minister of Justice has given the house this afternoon, should be inquired into. I was about to say that the report is headed "Eyewitness —It Was Dark Hour for Canada's Finest." The report goes on to say:

> It was a dark hour for Canada's finest and the beginning of violence that could set all central Newfoundland aflame.

I reiterate that I believe members of the house on both sides are most concerned with these tragic and regrettable incidents. We in this group feel that they need not have taken place, and we respectfully submit that action should now be taken by the cabinet to disallow this legislation.

Mr. Fulton: May I comment on one thing the hon. member has said. Of course all reports received as to these incidents will be most fully and carefully investigated to establish what are the true facts. My information is that the only ones who carry any form of stick, and it is called a nightstick, are the Newfoundland constabulary. The Royal Canadian Mounted Police, as my hon. friend knows, carry short riding crops.

Mr. Winch: How they can hurt.

Mr. Fulton: My information also is that the picketers—

An hon. Member: How do you know?

Mr. Winch: I know. I got it years ago.

Mr. Fulton: —in question were armed with pulpwood clubs, bottles, peaveys and one at least with an axe.

UNITED NATIONS

UNRWA—GIFT OF FLOUR FOR PALESTINE REFUGEES

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I believe that the house will be interested in the statement I am about to make. The government has decided to seek parliamentary approval for a special gift of $1,500,000 worth of Canadian flour, which is equivalent to about 973,000 bushels of wheat, to the United Nations relief and works agency for Palestine refugees. This proposed expenditure will be in addition to our normal cash contribution of $500,000 for which parliamentary approval will be asked when we consider the main estimates for 1959-60.

The house will recall that a similar special flour contribution was made to UNRWA last year. That contribution, together with a very large matching contribution made by the United States, we have been informed, brought about a considerable though temporary improvement in UNRWA's finances and, as we had hoped, the agency has been able to make plans to use the savings effected on food costs, through our gift of flour, to revive some of the more constructive rehabilitation projects of the agency such as improved vocational training facilities and the like. Some of these activities had to be abandoned because of lack of funds.

Recently, however, despite new and increased pledges by a number of countries and despite a lower total budget, UNRWA has again found itself gravely short of funds. As last year, our flour contribution will also make available to UNRWA a large additional contribution from the United States on a matching basis. The contribution is being made not only because of the humanitarian reasons which the government will place before the house but by reason also of UNRWA's important role in preserving political stability in the area through its relief and rehabilitation work among the refugees.

This special contribution is also evidence at this time of Canadian support for a proposal that was unanimously adopted by the United Nations assembly last year, namely to designate 1959 as a world refugee year. The objective of the world refugee year is to focus attention of governments and peoples on the unfortunate plight of large groups of refugees and, by drawing forth increased support for programs in their aid, to alleviate and where possible solve their difficulties.

Mr. Speaker, just for a moment I will seize this opportunity to speak of the contributions that have been made by Canadian citizens and certain voluntary organizations in Canada in addition to government help for UNRWA. A number of private Canadian charitable organizations are providing extremely valuable and worth-while assistance. The Unitarian service committee of Canada, for example, provided in 1958 some 20 tons of clothing for the refugees, 10,000 layettes sewn by thousands of groups across Canada, and funds for commercial and nurse-midwife training courses. The Canadian Red Cross women's work committee supplied over $19,000 worth of new clothing to UNRWA in 1958, and other significant contributions have been made by the Canadian Lutheran world relief and the

committee on overseas relief of the United Church of Canada. All these and other voluntary organizations in Canada deserve our commendation for their work in this and many other important fields abroad.

Hon. Paul Martin (Essex East): Mr. Speaker, the announcement made by the Secretary of State for External Affairs will be welcomed by all hon. members in this house. It is, of course, a continuation, as he would be the first to recognize, of a policy that was adopted a number of years ago by the Leader of the Opposition (Mr. Pearson) when he served as secretary of state for external affairs. Then milk, codfish and other forms of food assistance, including flour, were given to the United Nations relief agency in addition to the $500,000 which Canada as a member of the United Nations had allocated to her.

I may be permitted, as one who recently visited some of these refugee camps under the United Nations relief and works agency, to confirm what the minister has said about the extremely important contribution which supporting and contributing countries are making to the maintenance of some one million refugees in the Middle East area. As the minister has said, it is not only a matter of the contributions that are being made by the governments concerned but of voluntary contributions, notably those made by a number of Canadian organizations which were properly referred to a few moments ago by the Secretary of State for External Affairs.

This whole question, however, points up the consideration which this government and other nations must give when this assignment under the United Nations terminates in 1960. The house will hope that the minister will be able at some early date to give some indication of the policy of the government with regard to the future operations of UNRWA and the ultimate disposition of this extremely serious and difficult refugee problem.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, on behalf of the group in this section of the house—and I intend to be very brief indeed—may I say that we were pleased to hear the announcement made by the minister. We are particularly pleased with the emphasis the minister placed on his hopes for rehabilitation of the refugees. However, Mr. Speaker, we all know that the situation with regard to these refugees has become gradually worse over the years, and that our expectations of earlier years have not been fulfilled. We hope the government will continue to place as much emphasis as it possibly can on rehabilitation as being extremely important, possibly even more important than relief, so that the difficulty in this trouble spot in the Middle East may soon be resolved.

Mr. Smith (Hastings-Frontenac): In view of the remarks that have been made, Mr. Speaker, I would just add this comment. With this gift of $1,500,000 worth of flour, Canada will be the third largest contributor to UNRWA. First there is the United States, then the United Kingdom and then Canada.

STARRED QUESTIONS

A. V. ROE LIMITED—MEETINGS WITH PRIME MINISTER

Question No. 33—**Mr. McIlraith:**

1. Did the Prime Minister meet with the president of A. V. Roe Canada Limited or any of the officials of A. V. Roe Canada Limited between September 24, 1958 and February 20, 1959?
2. If so, where were any such meetings held and with whom were they held in each case?

Right Hon. J. G. Diefenbaker (Prime Minister): The answers are as follows:

1. Yes. On February 5, 1959.

2. A meeting was held with Mr. J. S. D. Tory, vice president and director of A. V. Roe Canada Limited in my office here in Ottawa. With respect to the other meetings with officials of Avro, an order for return was directed and it will be available either today or tomorrow.

PRINCE ALBERT, SASK. BRIDGE

Question No. 37—**Mr. Caron:**

1. Has the federal government built, agreed to build or made any contribution to the cost of building a bridge across the Saskatchewan river in the city of Prince Albert?
2. If so, what proportion of the cost of the said bridge will be paid or has been paid for by the federal government?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The answers are as follows:

1. Yes; under the roads to resources program.

2. Fifty per cent up to a maximum of $1,250,000.

PREVAILING RATE EMPLOYEES, NATIONAL DEFENCE—POLITICAL ACTIVITY

Question No. 38—**Mr. Hellyer:**

1. Are prevailing rate employees of the Department of National Defence allowed to take part in partisan political activity without endangering their employment?
2. What regulation of the department, if any covers this point and when was it passed?

Inquiries of the Ministry

Hon. G. R. Pearkes (Minister of National Defence): The answers are as follows:

1. No; although there are certain exceptions defined in departmental regulations.

2. Department of National Defence regulations governing this matter were first defined in 1951, incorporated into the civilian personnel administrative and accounting manual in 1956, and issued in present form as article 7.16, in 1958.

QUESTION PASSED AS ORDER FOR RETURN

ATOMIC WASTE DISPOSAL, NORTH ATLANTIC

Question No. 222—**Mr. Morris:**

1. Were atomic waste materials recently dropped in the North Atlantic, Lat. 34 deg. 14 mins. N. Long. 45 deg. W.?

2. Is Canada a signatory of any international convention or agreement covering the disposal of atomic waste materials at sea?

3. If so, has the federal government made any representations concerning atomic waste materials being dropped in Lat. 34 deg. 14 mins. N. Long. 45 deg. W.?

4. Has any analysis been made recently of the Canadian off-shore waters of the Atlantic coast to determine whether atomic waste disposal at sea affects the Canadian fishery?

5. If so, what was the nature of the findings?

MOTION FOR PAPERS

CIVIL SERVICE COMPETITION NO. 56-599

Motion No. 69—**Mr. Argue:**

For a copy of the civil service poster advertising competition No. 56-599.

Motion agreed to.

TRADE

OIL—EXPORTS TO U.S. IN 1958

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, this is a more lengthy question than I would like to ask, but I have given the Minister of Trade and Commerce notice and have discussed it with him, and I think he is ready and willing to give the answer. I would like to ask the minister the names of the Canadian oil companies which in the last year exported crude oil to the United States under the voluntary control arrangement to limit exports to the United States. I would also like to ask the amount exported to the United States by each of the companies, and the voluntary quota which each company accepted. Finally I would like to know the names of the oil companies which, according to President Eisenhower, exceeded their quota and thus brought on mandatory controls.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the hon. member gave me notice of this question, but I regret that we cannot give him all the information he would like. There is no official information in the possession of the government as to the names of individual Canadian oil companies which have participated in shipments of oil to refineries in the United States. Alberta oil is marketed under a prorationing system within which each producer of oil of the specifications demanded by a United States importer shares in any shipment to that importer.

In reply to the second question, there is no information in the possession of the government as to the amount of oil exported to the United States by each individual Canadian oil company. The total exports of oil by pipe line were 21,467,000 barrels by Interprovincial pipe line, and 8,846,000 barrels by Trans Mountain pipe line.

In answer to the third question about the quotas, no Canadian company has a quota set for it in relation to exports to the United States. The United States government asked refineries in the United States to accept voluntary quotas for imports of oil from all sources, and the refineries arranged their purchases of oil from various sources within this quota.

As to the names of the companies, we have no information with regard to the names of the companies which President Eisenhower had in mind in the reference in his press statement to companies which had exceeded their import quotas. They were, of course, United States companies, not Canadian companies.

OIL—MANDATORY CONTROLS ON EXPORTS TO U.S.

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask a supplementary question. Has the Minister of Trade and Commerce any comment to make on the new and mandatory restrictions placed by the United States on imports of Canadian oil?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. member for Calgary South had spoken to me respecting this matter, and I wish to advise that, as hon. members are aware, the President of the United States yesterday proclaimed the institution of a system of mandatory controls on imports of petroleum and petroleum products. These replaced the voluntary oil import program which had been in effect since July, 1957, and which apparently had been fully considered prior to June 10, 1957, and the decision as to the course to be taken determined.

This note brings to the attention of Canadians a matter of grave concern to Canada. This government has vigorously and repeatedly protested the application to Canada of any United States restrictions on imports of oil, whatever their form. As was pointed out to the United States government in our recent note of February 19, we believe there is no justification on the ground of security, or for that matter on any other ground, for restrictions on oil imports from Canada.

The text of the new regulations has just been received; therefore there has not been time to study their implications. However, in his statement yesterday to the press the President referred to informal discussions which are taking place between Canada, Venezuela and the United States. The position of Canada was made clear to the United States cabinet secretaries at the meetings with them on January 5 and January 6. On January 19 and January 20 some of our officals participated in informal discussions in Washington. On each and every one of these occasions it has been urged that whatever restrictive measures the United States found necessary to adopt, those measures should not apply to Canada.

In the course of his press statement yesterday the President indicated a desire that further conversations should be held. The government will seize every opportunity—and I want to make this very clear—to obtain unimpeded access to the United States market for Canadian oil. In this or in other ways which may be necessary our determination is to safeguard the interests of the Canadian oil industry.

[*Later:*]

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question arising out of the statement made by the Prime Minister with reference to President Eisenhower's announcement. In view of the very serious damage which will result to the Canadian economy because of this very regrettable step, can the minister say what consideration the government is giving to the building of a pipe line to the Montreal area, and if the government has decided whether such a line would help provide a market for western oil?

Mr. Diefenbaker: The hon. gentleman always has a solution for all the problems. May I say in respect to his question that the course of action to be followed by the government will be determined in the light of the fullest study.

Mr. Argue: The Prime Minister always has an answer.

Hon. Paul Martin (Essex East): May I ask the Prime Minister, in view of the fact that the last note of protest by the government in this matter was on February 19, before the President had asked for an extension of time to enable him to consider this question, if he took advantage of a suggestion which was made from this side of the house that he himself should communicate directly with President Eisenhower before March 10, so as to avoid the imposition of these curbs on Canadian oil imports.

Mr. Diefenbaker: As a matter of fact the suggestion had been made long before it was ever thought of by hon. gentlemen on the other side of the house. There are from time to time, and will continue to be, representations made to the President with respect to these matters which we believe are detrimental to Canada and, in particular, to Canada and the United States because of the relationship which exists between the two countries in respect of defence.

Mr. Martin (Essex East): The Prime Minister may possibly have misunderstood my question. May I ask him again whether representations were made directly by the Prime Minister after the last note of February 19?

Mr. Diefenbaker: Representations were made, of course, during the visit of the President here with regard to this and other matters, and from time to time the fullest representations are made, all of which come to the attention of the President. Some of them have been made in very recent weeks and months.

U.S. IMPORT CONTROLS ESTABLISHED DURING TERM OF LIBERAL GOVERNMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): While I am on my feet, Mr. Speaker, I wish to refer to *Hansard* of March 3, 1959, at page 1550, where during a passage between the Leader of the Opposition and myself the following summary is reported. The Leader of the Opposition asked me if I would mention any of the other materials exported to the United States in respect of which notes had been sent to the United States, to which I replied:

> At the moment I am unable to indicate the exact ones, but I have a list of them available. It covers agricultural products and other commodities, and I will give it to the hon. gentleman.

Then there are some references to Mr. Howe which have no application here. Then the Leader of the Opposition said:

> What commodities?

To which I replied:

> Well, as I said a moment ago, I can look this up, and I will place them on the record since the hon. gentleman has probably forgotten.

Then there are some further references and the hon. gentleman then said:

> I think I can help the Prime Minister. The protest he is talking about was against the export of barley that went into rye whisky in the United States.

To which I replied:

> Oh, it was more than barley going into rye whisky. I will give the hon. gentleman the list.

The other day the same question was again asked. I now have before me the list of formal representations to the United States on trade matters for the period February, 1953 to June, 1957.

The list is as follows: Dairy products, February 11, 1953; a note protesting extension of import restrictions under the United States defence production act to include dried milk products. Cheese and dairy products, June 30, 1953; note protesting decision of the United States to continue import restrictions on cheese and other dairy products under the agricultural adjustment act when the authority under the defence production act had expired. Oats and groundfish fillets, July 20, 1953; the note referred to the tariff commission investigations conducted on oats and groundfish fillets. Lead and zinc, May 28, 1954; the note referred to the tariff commission's recommendation that the tariff be increased on lead and zinc imports. Groundfish fillets, May 28, 1954; the note referred to the tariff commission's recommendation that the tariff be raised and a quota imposed on imports of groundfish fillets. Alsike clover seed, June 4, 1954, and again on June 25, 1954. The next one is hardboard, July 19, 1954. Then on July 27, 1954, lead and zinc. September 29, 1954, oats; a note referring to the tariff commission's recommendation to impose quotas on imports of oats. Barley and barley malt, October 7, 1954. Crude oil, March 8, 1955. Lead and zinc, March 31, 1955. Alsike clover seed, May 13, 1955. Hardboard, June 1, 1955. Surplus disposal of agricultural products, June 2, 1955. Rye, June 27, 1955. Then August 23, 1956, regarding imports of hard fibre cordage. September 4, 1956, wheat disposal. October 16, 1956, groundfish fillets. January 8, 1957, synthetic rubber. May 15, 1957, alsike clover seed. May 29, 1957, lead and zinc.

Hon. L. B. Pearson (Leader of the Opposition): Perhaps I could ask the Prime Minister, in view of the lengthy list he has just put on record in *Hansard*, whether he is aware that my intervention arose out of a discussion of restrictions on defence products such as oil and other minerals. I asked if any restrictions had been placed on oil and other minerals during the years we were in office. The list he has read indicates that only on three occasions were protests made with regard to minerals, and on each occasion these were letters protesting against the possibility of such restrictions. Restrictions were not in fact imposed at that time.

Mr. Diefenbaker: I am not entering into any controversy about this matter now. The record is there.

Mr. Pickersgill: It certainly is.

Mr. Diefenbaker: I was answering the Leader of the Opposition who said it was only in respect of rye going into whisky, and I thought the record would enlighten him.

Mr. Pearson: In view of the study the Prime Minister has now been able to give to this matter of restrictions, may I ask whether he has discovered any restrictions which were imposed by the United States on the import of oil and base metals from Canada during the period of office of the former administration.

Mr. Diefenbaker: That is why I gave the list, so the hon. gentleman might be able to study the information which he asks me to compile and add to his knowledge which, he said, was restricted to the case of rye going into whisky.

Mr. Pearson: May I tell the Prime Minister what the answer is; there were none.

LABOUR CONDITIONS

NEWFOUNDLAND—INQUIRY AS TO GOVERNMENT ACTION ON LEGISLATION

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of Justice. I wonder if the minister could indicate what action, if any, the government has taken with respect to the request for the disallowance of certain pieces of Newfoundland legislation.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, there is really nothing I can add to what the Prime Minister said yesterday. As a matter of fact, to the best of my knowledge we have not yet received from Newfoundland the official copy of the legislation which the British North America Act requires to be sent to us. One or two other hon. members have inquired about this matter, including the hon. member for Hamilton South. I know the Secretary of State has written officially requesting it to be sent as soon as possible, but the last time I asked about it the copy had not reached that office. Until the matter is before us we are not able to make any decision, as the Prime Minister indicated yesterday.

Mr. Howard: I wonder if the government will do everything it can to speed up the forwarding of a copy of this legislation, recognizing that each moment's delay will aggravate the situation down there and contribute toward further unfortunate and inexcusable violence.

Mr. Fulton: I think the hon. member heard me say that we have asked for the official copy of this bill to be sent with all dispatch. So far as I am aware, until it arrives there is no official action that can be taken in connection with it.

CIVIL DEFENCE

REQUEST FOR STATEMENT BY MINISTER OF NATIONAL HEALTH AND WELFARE

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Health and Welfare. Will the minister soon be in a position to give the house the statement on civil defence for which we are waiting so eagerly?

Hon. J. W. Monteith (Minister of National Health and Welfare): Yes, Mr. Speaker.

GRAIN

WHEAT—REQUEST FOR STATEMENT ON DELIVERY AND QUOTA POSITION

On the orders of the day:

Mr. G. R. Muir (Lisgar): Would the Minister of Trade and Commerce inform the house as to the present position in the prairie provinces of our wheat board delivery quotas?

Hon. Gordon Churchill (Minister of Trade and Commerce): I should like to thank the hon. member for advising me that he intended to ask this question. The quota delivery system in the prairie provinces is in a very favourable position, and reflects the activities of the Canadian wheat board in disposing of our grain. Last year the quota of 2 bushels per specified acre applied at 706 stations. The improvement this year is such that only 80 stations are on that 2 bushel quota. Last year there were 771 stations on the 3 bushel quota. This year there are 968. Last year 559 stations were on the 4 bushel quota per specified acre, and this year there are 633. Last year at this period, March 8, there were no stations whatsoever on the 5 bushel quota, and this year there are 348. The picture represents a vastly improved situation for the marketing of grain.

Mr. Hazen Argue (Assiniboia): In view of the good progress which has been made—the minister has suggested that it reflects the activity of the wheat board, but I might add it also arises because of short crops in certain areas where wheat is not available—

An hon. Member: Sour grapes.

Mr. Argue: —does the minister have sufficient information available at the present time to enable him to say whether or not there is any possibility of having open delivery quotas in western Canada at the end of the crop year?

Mr. Churchill: The hon. member will recall that before the end of the last crop year all the stations out west were on either 6 or 7 bushel quotas, and it is obvious from the situation now prevailing that this situation will be repeated this year and that perhaps an open quota will prevail.

OIL

FURTHER STATEMENT ON SALE OF OIL AND GAS PERMIT RIGHTS IN NORTHERN CANADA

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday I made a statement in the house regarding the sale of oil and gas permits in northern Canada, and I pointed out that we would be accepting cash bonus bids to the value of over $6,500,000. The Leader of the Opposition asked how many of these bids were made by United States corporations or by Canadian subsidiaries of such corporations.

I have had a check made of the status of the various successful bidders. There were ten successful bidders, of whom two were United States corporations and four were Canadian subsidiaries of such corporations. One corporation is owned by United States, Canadian and British interests, and there were three Canadian firms. As I said yesterday I shall be making a full statement before the standing committee on mines, forests and waters. At that time I hope to make it clear that the Canadian public interest will be protected in the development of these resources.

THE CANADIAN ECONOMY

"PRIVATE AND PUBLIC INVESTMENT IN CANADA —OUTLOOK 1959"—STATEMENT IN CLARIFICATION

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Ottawa West questioned a statement I had made on March 6 when I was tabling the investment intentions for 1959. My statement was:

—increased capital outlays are indicated for each of the three levels of government.

Inquiries of the Ministry

In the same paragraph I went on to say, as reported at page 1673 of *Hansard* for March 6:

Outlays made directly by federal departments are estimated to increase by 10 per cent—

The hon. member drew my attention to page 17 of the booklet entitled "Private and Public Investment in Canada—Outlook 1959" and thought perhaps there was an error. There was no error at all, Mr. Speaker. My statement referred to the capital investment intentions of government departments, which may be found in subparagraph 3 on that page. If the hon. member will check again he will discover that the investment intentions of federal departments this year exceed those of last year by $38.9 million.

Mr. G. J. McIlraith (Ottawa West): A supplementary question, Mr. Speaker. Would the minister go a little further in correcting this matter? I find myself unable to understand his explanation. He made the statement when tabling the document that increased capital outlays are indicated for each of the three levels of government; that is, the federal, provincial and municipal governments. The information as I have it from the booklet indicates that the total capital expenditure by the federal government will be $863.1 million in 1959 as against $893.7 million in 1958, or a decrease of some $30 million. It is that point I want cleared up, because the figure the minister now gives to the house for government departments is only one part of the capital outlay of the federal government. The same point would arise with the figures for municipal and provincial governments.

Mr. Churchill: Mr. Speaker, I believe I can explain that very briefly. Under each of the headings dealing with federal, provincial and municipal governments there are three subheadings, one for enterprises, one for housing and in one instance one for institutions. The sentence that has been quoted here today referred to the subparagraph dealing with government departments and not housing, enterprises or institutions.

Hon. L. B. Pearson (Leader of the Opposition): A supplementary question, Mr. Speaker. Are we to understand that when the minister said that increased capital outlays are indicated for each of the three levels of government, he was really meaning each of the three levels of government departments?

Mr. Churchill: I think that is quite right, Mr. Speaker. It was explained in a subsequent sentence in the same paragraph.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A further supplementary question, Mr. Speaker. Does the minister not think it would be much better just to table documents of this sort that all hon. members can read for themselves?

Mr. Speaker: Order. There will be a further opportunity to debate this matter, of course.

PUBLIC SERVANTS INVENTIONS ACT

AMENDMENT RESPECTING ADMINISTRATION OF MONEYS

The house resumed, from Tuesday, March 10, consideration in committee of Bill C-33, to amend the Public Servants Inventions Act —Mr. Churchill—Mr. Rea in the chair.

On clause 1—*Time within which liability may arise.*

Mr. Richard (Ottawa East): Mr. Chairman, I do not know if at this stage the minister has anything to add to what he said yesterday. I do not want to labour the point I was raising. Has the minister anything to say?

Mr. Churchill: Yes, Mr. Chairman. I appreciate the co-operation of the hon. gentleman. We covered the ground rather fully last night, but perhaps I may summarize for the benefit of anyone who is a bit confused.

The Deputy Chairman: Order. Before the minister continues may I ask those hon. members who are talking to please lower their voices, and especially those who are sitting anywhere near an area where one of the microphones is open in front of someone who is speaking, because background noises can be heard.

Mr. Churchill: The explanatory notes set out in the bill which I read last night show the necessity for the amendment in this phrase:

—the moneys received from royalties are to be used by the corporation for the purpose of this act and the purpose for which the corporation was established.

I also indicated it was done at the suggestion of the comptroller general. There may have been some misunderstanding with regard to the purpose served by the corporation, which perhaps could be explained in this way. The corporation was established under the national research council for the following purposes:

1. To examine any invention referred to the corporation and to evaluate it.
2. To determine if the invention is new and decide as to its patentability.
3. To determine if the development has any value commercially.
4. If, after careful examination of 1, 2 and 3, it is decided that the invention is new, that it has a commercial value, and it is patentable, the Canadian Patents and Development Limited proceed to apply and process the securing of a patent.
5. If a patent issues the Canadian Patents and Development Limited endeavour to interest industry in its production.

6. Costs of the above are paid for by the Canadian Patents and Development Limited on the understanding that they will recover their costs from royalties received.

Under the act as it stands at present the royalties received are payable to the consolidated revenue fund, and as Canadian Patents and Development Limited receive no vote from parliament it is impossible for them to operate. This amendment is to correct this situation. I continue:

7. In addition to the above, the Canadian Patents and Development Limited would be authorized to make awards to the inventor in accordance with section 11, subsection 1 of the public servants inventions regulations on the recommendation of the appropriate minister.

Mr. Richard (Ottawa East): Mr. Chairman, I am sure those hon. members of the committee who followed the debate last evening welcome this explanation, and I think perhaps I played a small part in eliciting this statement from the minister. However, I am going to ask this question once more. Is it not a fact that the explanatory note referred to one corporation as being the corporation mentioned, while as a matter of fact there may be a number of corporations that will have the power to receive and retain these moneys and use them for their purposes in addition to Canadian Patents and Development Limited?

Mr. Churchill: As I mentioned last night, Mr. Chairman, it was the intention that this would refer to Canadian Patents and Development Limited. I queried the Department of Justice people with regard to that, and they would prefer to have it stated as it is now so that if necessary some other corporate agency may operate under the limitations of this particular act.

Mr. Richard (Ottawa East): That is the point I have been trying to make all along. Following the first three subsections of section 9 it is clear that other crown corporations will be eligible to operate under subsection 4, and may receive moneys and disburse them for their purposes. I understand the minister to agree with what I have said up to this point. The balance of my remarks relate to the general aspects of the law, and I could refer to this again for details when the estimates are before us.

Mr. McIlraith: In so far as the explanatory notes are concerned, and as to what is being sought to be done in this legislation, I have no objection at all. In so far as the remarks of the minister pertaining to Canadian Patents and Development Limited, are concerned I well understand the situation and I am in accord with that he is seeking to do pertaining to that company but what concerns me is this. The legislation as drafted is not confined to Canadian Patents and Development Limited at all, and we have had no information at any stage of this bill as to how many other patents which are not being administered by Canadian Patents and Development Limited are now held by other ministers under the act. How many other corporate agencies of Her Majesty are now holding patents? We have no explanation on that point at all. I do not propose to delay the matter longer but I wonder whether the minister is able to give us some information on this because it is this point which concerned me when the matter was up yesterday.

Mr. Churchill: No other crown corporations are handling patents in the way which this organization handles them but there might be patents held by various government departments. We have not that information in front of us at the present time. I presume it could be obtained.

Mr. McIlraith: Take a corporation such as Polymer, does it hold any patents?

Mr. Churchill: Yes, I believe it does.

Mr. McIlraith: As I see the legislation there is a weakness in it in that the patents having to do with one department and its activities could be referred to another crown corporation that is wholly unrelated in its work. I am wondering whether the minister has thought through the draftsmanship of the section in the light of what was said about it last night and the questions that were asked.

Mr. Churchill: I fully appreciate the suggestions that were put forward. It may be that next year we might have to look at the entire act to which the hon. member for Ottawa East raised some objection. But I think it would not be unwise simply to adopt this amendment now which makes regular what has been done during the last three years. If it does not go far enough, I think perhaps we can have a look at it. In fact, I think the hon. member for Ottawa East would rather prefer, would he not, that we examine the whole act in addition to this slight amendment which is suggested on this occasion?

Mr. McIlraith: I will not pursue the matter further but I do want to be on record as indicating disapproval of the draftsmanship of the amending bill, to achieve the purposes set out by the minister. I think it is quite desirable that the legislation he is seeking for Canadian Patents and Development

Limited be granted and approved, but I do question the form of this bill to achieve that end.

Mr. Pickersgill: Before the clause passes may I ask the minister whether he has the number and date of the order in council under the transfer of duties act that I asked about?

Mr. Churchill: The hon. member was asking for the date of the order in council which transferred—

Mr. Pickersgill: I will refresh the minister's memory. I pointed out that the functions of one department could be transferred to another department only under the transfer of duties act or by statute and since it has not been done by statute I was wondering on what date and by what order in council the administration of this act has been transferred from the Secretary of State to the Minister of Trade and Commerce?

Mr. Churchill: I am sorry, I have not that information in front of me.

Mr. Pickersgill: I do not want to press it.

Mr. Churchill: I will get it and relay it to the hon. member privately.

Mr. Pickersgill: Perhaps the minister would not mind putting it on the record some time by tabling the order.

Mr Churchill: All right.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

FURTHER EXTENSION OF INCOME TAX RATE

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Federal - Provincial Tax - Sharing Arrangements Act to extend for a further period of one year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Benidickson: Is the minister not going to make a statement on introducing this resolution?

Mr. Fleming (Eglinton): Mr. Chairman, the purpose of this resolution is very clear and very simple. It is to extend for another year the increase which was made a year ago in the provincial share of the yield from the personal income tax from the 10 per cent rate which was established in the Federal-Provincial Tax-Sharing Arrangements Act to 13 per cent. The whole subject of dominion-provincial fiscal relations was very fully discussed in this house in a two day debate on February 9 and 10. I take it there is no occasion to cover today ground that was then very fully covered.

Mr. Benidickson: Mr. Chairman, the Minister of Finance was extremely brief in introducing this resolution. However, in view of the fact that it relates to our federal system and our relationship with the provinces, notwithstanding the debate that we had on February 9 and 10, there is involved in the matter a great deal that the minister has not referred to. I would hope that before we pass this stage he will feel prompted to say something to the committee in explanation of some of the queries which I am sure are in the minds of a great number of members.

It is true that I was one of those who participated in that debate on February 10. In consideration of all of my colleagues I do not want to be unduly repetitive. On the other hand, under our rules the debate was limited by time and the minister was permitted to speak only once. Unlike the present occasion, he was not enabled to reply to subsequent questions, questions which are of very great merit. I hope that before we move on to the next stage we may get some further enlightenment from the minister. Despite what the minister may say it cannot be denied that we are again facing something that he himself was most vigorous in criticizing in the past, that is, any suggestion that in our dealings with the provinces there might be something in the nature of a unilateral decree. I cannot think of anything more deserving of the description, "unilateral decree", than the telegram type of notification the minister sent late in January of 1958.

I feel that this particular subject is very deserving of the attention of the committee because I am quite sure that in the last few days the minister is finding—the evidence has been put before some of the rest of us also—that there is quite a harvest of disenchantment with respect to the equation of promises with performance. I cannot think of any area where this is more noticeable than in the matter of federal-provincial relationships.

As I have said before, and I think it is worth repeating, in this new parliament we have a great number of members who were

not here when the basic statute was introduced in 1956. At that time the Minister of Finance, who is introducing the measure now before us, and the present Prime Minister had a great deal to say. I am quite sure that members of the house, including the heavily weighted government party, are fully aware of the promises of the Prime Minister in both the 1957 and 1958 campaigns. But I am not so sure that one could expect them to be equally familiar with the positions taken and the commitments made by the present Minister of Finance and Prime Minister when federal-provincial relations were discussed in 1956.

When we had an opportunity to debate this matter in 1956 at this very stage, the first speech made by a member of the opposition was made by the then leader of the opposition, Mr. Drew. He took violent exception to proceeding with a matter that had a great effect upon our provinces in the absence of what he thought was adequate consultation with those provinces. I am going to speak about consultation with the provinces but I want to draw to the attention of the committee, particularly to the attention of new members, what I think is a very decided contrast in what we are being asked to do today.

On July 16, 1956, during debate on the resolution stage, the very same stage we are in at the moment, Mr. Drew had this to say with respect to the proposals of the previous government as to tax sharing, as found on page 5999 of *Hansard*:

> A government that fails to seek a solution of this problem and puts this matter into rigid statutory form before there has been approval is a government that is unfit to govern.

A year has elapsed since we were asked to do exactly what we are asked to do today. When the present Minister of Finance was in opposition in 1956, in his usual vigorous manner he had some very stern criticisms to make of the procedure, and I want to recall his words to his mind today. With respect to the matter of whether or not we have got the cart before the horse, the Minister of Finance had this to say as found on page 6296 of *Hansard* for July 23, 1956:

> A new conference . . . is . . . desirable. There is no use, so far as Her Majesty's loyal opposition is concerned, asking us to approve a form of dominion-provincial fiscal arrangement which has not received the approval of a single provincial government.

Before we conclude debate at this stage I think the minister should indicate whether or not his views have changed in this respect. The minister went further on second reading. I do not want to anticipate that stage, but on February 10 the minister felt that the statute itself was undesirable, unwise and was incomprehensible. He described it as a maze. Yet when he amended the statute last year he simply wanted to make one slight change. He said that where the statute then read "10 per cent" it should from then on read "13 per cent". There were no alterations to remedy those things which he described in the most derogatory terms when he was sitting on this side of the house.

Mr. Fleming (Eglinton): I think my hon. friend should be fair enough to recognize that in the meantime agreements had been signed by nine provinces with the federal government under the terms of that legislation. We are not the kind of people who propose to repudiate such agreements.

Mr. Benidickson: I am coming to that very point. My main point is that 24 months ago he and his leader assured the country in the election campaign of 1957 that there was nothing they were more concerned about if they were given the responsibility of administration than calling the provinces together and arriving at something that would not be a unilateral decree, as he described it, but on the contrary would be something that would result in benign satisfaction to all concerned.

I simply want to make the contrast I indicated earlier between the arrangements that were made before the introduction of this taxation statute in 1956 and what preceded the introduction of the minister's amendment in 1958, now repeated here. As I said, at that time the present Minister of Finance, the present Prime Minister and the then leader of the opposition were so vigorous in their criticism that they said any government was unfit to govern if it introduced a statute without being able to tell the house that it met with the approval of the other participants, the ten provincial governments.

What is the history of the taxation proposal of 1956? In April of 1955 there was a federal-provincial conference. It was followed by a conference in October. The then prime minister of the country had the courtesy to send to all those associated with him in the conference a very informative and descriptive indication of the thinking of the federal government resulting from the two conferences. There was no telegram, none of this "brinkmanship" which we saw last January when the provinces were told so abruptly, "this is it, you have it and that is all." That was followed by a conference in March, 1956, and it was after all these preliminaries that the former government felt disposed to ask parliament to make certain changes in the federal-provincial tax-sharing arrangements.

At each of these stages the record shows that as a result of the friendly consultation between the federal government and the provinces certain amendments or certain changes were made beneficial to the provinces beyond what might have been the position taken at the first conference on the part of the federal government. I will be most sympathetic to the Minister of Finance. In conference of this kind, with the bargaining that is involved in a matter of this kind, I do not think everybody can go away completely satisfied. However, what I am saying is that we had conferences and notwithstanding those conferences when in 1956 there was before this house the proposition that increased benefits to the provinces by 25 per cent, the Minister of Finance appearing with us again today was one of those who said that without proof that the provinces agreed to the proposition this parliament should not be asked to legislate by statute.

What is the contrast. I indicated that I felt that all hon. members would be quite familiar with the proposals of the Prime Minister in the last two election campaigns. There will be no lack of understanding there and no need on my part to remind any hon. member about the extremely firm statements made by him which I do not think any member of this house any more than the most humble member of the electorate would have any difficulty in any way in interpreting. I have the sources, the times and places where statements of this kind were made. This is the kind of thing that was stated in the ringing voice of the Prime Minister with respect to federal-provincial matters and I underline this. He said that one of the first steps—

Mr. Fleming (Eglinton): What is the date of this?

Mr. Benidickson: The date of this was in April 1957.

Mr. Fleming (Eglinton): That is two elections ago.

Mr. Benidickson: Yes, two elections ago. But the conference is all the more delayed when one recalls the time that has elapsed between this firm commitment and the failure to live up to the promise that was made in such unequivocal terms at that time.

Mr. Stinson: Before the hon. member goes on to another part of his address, will he permit a question?

Mr. Benidickson: Yes.

Mr. Stinson: Is it or is it not a fact that this administration has given to the provinces a better deal than that which they enjoyed under the previous government?

[Mr. Benidickson.]

Mr. Benidickson: I will answer my hon. friend in this way. The present administration in January of last year, in a most arrogant fashion, sent telegrams indicating that it was prepared to change the formula from 10 per cent to 13 per cent with respect to personal income. They gave most misleading figures to the press and to the public at that time, figures which have proved to be completely unsound.

Mr. Martin (Essex East): Using a provincial official for that purpose.

Mr. Benidickson: It was never answered in the last debate on February 9 or 10. The Minister of Finance has never indicated whether or not the suggestion, indeed the assertion of the hon. member for Essex East was correct.

Mr. Fleming (Eglinton): The Martin bureau of statistics.

Mr. Benidickson: The figures actually came from the chief treasury official of the department of finance in Toronto, from the department of finance of the province of Ontario rather than from his own department. In consequence, the rest of the country is wondering whether or not Ontario is getting undue consideration in strategy and matters of this kind. However, I go on to say that these were the kinds of words used at that time by the Prime Minister, and I have not completed my answer to my friend the hon. member for York Centre.

Mr. Fleming (Eglinton): You have not even started.

Mr. Benidickson: The result of these conferences of which I have spoken was that the benefit to the provinces was increased by $105 million, which was about 25 per cent beyond the amount to which they had previously been entitled. In the fanfare, the type of thing that is so typical of this government, particularly when they use terse telegrams to express their views and get them out to the press, the indication was that this would have some benefit of the nature of $80 million. Hence the answer to my friend is that the specific amendment was not as worth while, financially or otherwise, as was the proposition of the previous year that brought to the provinces this substantial increase of 25 per cent of their revenue.

But in addition to that, everything that had been put in the agreement made by the former administration with the provinces was, as we say, stabilized. This particular thing in no way was included in the telegraphic agreement or proposition that

was sent out a year ago and, I imagine, the proposition that we are being asked to rubberstamp at this time without a conference in the meantime.

What were the words that were used? They were words such as these: The federal governments grasping greed for dollars; taxes needlessly high; the municipalities were being pauperized; that we had outrageous rates of interest that were detrimental to the provinces and to the municipalities. We heard all that kind of thing.

A conference was held, Mr. Chairman. The conference was held in November 1957 and lasted for two days. The premiers were gathered together and they were given the benefit of the advice of the Prime Minister of Canada, including some soothing syrup about unemployment conditions, which prophecies proved to be extremely poor ones indeed. I want to quote from the written record of that conference. The Prime Minister said:

> We are not placing before you any "take it or leave it" attitudes; we are not taking any hard or fast positions.

Let everyone remember the telegram that came in January. However, he went on to say this:

> When we have your views and suggestions we would like to study them in detail and prepare some specific proposals to put before you at a mutually convenient time in the new year.

That is the new year of 1958. I am certainly not going to criticize the government for being unable to fulfil that particular technical commitment of holding a conference in the new year of 1958. They, like the rest of us, were engaged in an election campaign and we all understand that predicament. But the thing I do not understand is why no conference was possible in the fall of 1958. If the Minister of Finance felt so strongly that a conference should precede the presentation of a statute such as that with which we are going to be faced in a day or two, why has he changed his views? I think he must indicate some substantial reason for changing his views. On hearing the minister on February 9 and re-reading the remarks he made at that time, I gathered the impression that he is again engaging in this business of blinding the house with a wealth and welter of words. The emphasis in this particular speech was the suggestion that attention should be concentrated on the fact that there is going to be a meeting of federal and provincial officials.

Again many members of this house may not realize that there is nothing new about this. As a matter of fact there has just recently been published in the *Canadian Tax Journal* a report by the federal director in the Department of Finance who has responsibility for co-ordinating federal and provincial relations. This extremely efficient and well-thought of officer had this to say, as found in the *Canadian Tax Journal* of January-February, 1959, at page 13:

> The federal-provincial continuing committee on fiscal and economic matters had its first meeting in February, 1956. There have been five others, usually two a year, one in Ottawa and another at a provincial capital.

I suggest to the committee that in this interval of 24-odd months since the Prime Minister and the Minister of Finance in the first election campaign indicated that this was almost at the top of their list of determination to provide satisfaction, there has been plenty of opportunity to bring the political leaders together, and this has not been done. I say that the Minister of Finance, in making the speech which he did on February 10, is placing a very low opinion—

Mr. Fleming (Eglinton): I did not speak on February 10.

Mr. Benidickson: On February 9—on the judgment of his colleagues in this house when he says that there is a possibility that this would take the place—

Mr. Fleming (Eglinton): Mr. Chairman, I rise on a point of order. My hon. friend is undertaking to refer to a previous debate at the present session, which was a debate occurring on February 9 and 10 on an amendment introduced by the hon. member for Essex East to a government motion to resolve the house into committee of supply. That debate proceeded to its conclusion and the vote was taken. Now my hon. friend is seeking to continue that debate and make extended reference to it.

Mr. Benidickson: I will accede to the hon. minister's objection, but I will say that it is an objection which I do not think has been taken by anybody else so far this session. I have found that the minister has a thinner skin with respect to rules when he is introducing a bill than anyone I know. He never had the Queensbury rules suggested to him when he was on this side of the house, but he is perfectly correct.

However, it does not prevent me for a moment from saying in reply, without any reference to the debate which took place on February 9 and 10, let not the Minister of Finance attempt to put our wits to sleep with any suggestion that some conferences of officials which have been going on routinely since 1956 is any satisfaction or fulfilment of the kind of commitments which I have described and quoted to the house.

The minister on Februray 26, in answer to an order for return of papers, presented all the correspondence up to that date, which correspondence with the premiers of the provinces dealt with the subject we are now discussing. Although the return was very thin, I am a little curious why there is no correspondence from the premier of Manitoba or the premier of Ontario suggesting that we should have a conference of this kind. They were very vigorous in the past in asserting it would be very beneficial to their provinces. The premier of Manitoba said he was very disappointed that a conference had not been held. In fact, the other day, I think probably after the Arrow performance, which is out of the rules of course, the premier of Manitoba was getting disenchanted to the extent that on a TV program he said, "Yes indeed, we are getting rather unhappy about things going on in Ottawa".

The point I was intending to make, however, was, first, the slimness of the file of correspondence as presented on February 26, I wonder if the minister when he speaks subsequently will say whether or not he has carried out this commitment that he seemingly gave in a letter to the treasurer of Saskatchewan, Mr. Fines, in a letter dated January 29, when he said, "I will be writing you further on this within the next few days". As far as I know the provincial treasurers, up until a month ago, had still not been given an indication of the kind of things the minister had in mind which they might expect from the conference.

Now I refer to "brinkmanship". I say that in January, 1958 this administration carried out the typical attitude it has carried out all along, namely of stalling, delaying and creating confusion, and it was not until they knew that legislatures were likely to meet within the next two or three weeks that they did anything, which happened to be the sending of a telegram without any detail. I say the same thing is happening here. There was no conference throughout this interval, and then notification is given to the provinces by a short statement in the speech from the throne that the government simply proposed to introduce this three-line amendment to the statute in 1959.

Mr. Fleming (Eglinton): That is not correct.

Mr. Benidickson: My hon. friend indicated that in deference to the house he had not prior to the convening of the House of Commons given any intimation to the premiers of the provinces, and there is nothing in sessional paper No. 188A to indicate that the minister even said to the provinces that he was intending to continue the proposition made at the end of 1958.

[Mr. Benidickson.]

Mr. Fleming (Eglinton): The hon. member knows that a letter was written to the provincial premiers on the day parliament opened.

Mr. Benidickson: I said that, and I have no quarrel there. I said that no notification had been given them until after the speech from the throne, and how closely that approaches the convening of the provincial legislatures. Since then we have had budgets presented in most of the provincial legislatures. In the debate on February 9 and February 10 I think the hon. member for Essex East referred to the formula, whether it was 10 and 13 and 9 and 50. Then someone interjected that what you should say is that what they want is 15, 15 and 100. That has been demonstrated by the speeches by the treasurer of the province of Ontario, a Conservative government, and the treasurer of the province of Quebec, a government which some of us believe is pretty friendly to the present administration; I think you can call it a Conservative government.

I raised this point on the motion we have been discussing, which motion was made on February 9. I said that one of the real reasons why we should have a conference at this time is that we have a new administration. We have had it for 22 or more months now, and every utterance of the prominent members of this group when they were on this side of the house indicated that there was very little of the present set-up of which they approved. I quoted one example, and I cannot quote the other although I referred to the Minister of Justice and the Solicitor General on that occasion. But I think this is very significant. One of the architects of the Conservative party described—

Mr. Fleming (Eglinton): Mr. Chairman, might I ask for your ruling? Reference has already been made to this matter of the debate which occurred on February 9 and February 10 on an amendment introduced on behalf of the official opposition by the hon. member for Essex East. I would point out, Mr. Chairman, that at page 826 of *Hansard* of February 9, 1959, the amendment appears. It was seconded by the hon. member who is now addressing the committee. The amendment was in this form:

> That all the words after "that" be deleted and the following substituted therefor:
>
> "this house is of the opinion the government should call a federal-provincial conference at once to deal with serious problems of common concern such as unemployment and fiscal relations".

Debate, as I have indicated, proceeded on that resolution until the following evening when, in accordance with the rules, the question was put and the amendment was

defeated. My hon. friend started out to refer to the statements made in that debate in detail. He conceded that he was quite out of order in doing so, but now he is proceeding to debate this same question all over again. It is quite clear, Mr. Chairman, that this is entirely out of order. If it can be debated today it can be debated half a dozen times in a session. My hon. friend and his party chose to introduce that subject at that time, and the house dealt with that subject, and in my respectful submission dealt with it conclusively as far as the present session is concerned. Therefore I submit that further reference to that subject, namely the calling of a dominion-provincial conference, is precluded as far as the present session is concerned. My hon. friend is obliged under the rules of the house to confine himself to the resolution now under discussion, which relates to a proposed amendment to the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Benidickson: May I speak to the point of order? I would be the first to confess that by the use of three or four words referring to the debate which took place on February 9 and 10 I probably had technically fallen foul of the rule, and I would be the last ever to attempt to meet the Minister of Finance in a dispute over these small technical matters. But without making any reference to what was said on February 9 and 10, and coming back to my main point, I expect the minister to indicate why he has changed his view that a conference between the premiers and the federal government should precede the request to the federal parliament for a reconsideration of the statutes.

I want to say that one of the reasons why I think that such a conference should precede the introduction of a step such as this is that the Prime Minister and other members of the present ministry—

The Deputy Chairman: I thought the hon. member was going to speak on the point of order. Just to clear up that matter, I am sure I need not refer him to the appropriate citation of Beauchesne—section 148(3)—with reference to the supply motion we had on February 9 and 10. And as he has already conceded the point I am sure he will now stay within the relevant rule.

Mr. Benidickson: Quite. I will not make any further reference to that debate. I will simply state in argument—and this is very sincerely meant—that having regard to the length of time which has elapsed between the previous conference and the introduction of this resolution and to the statements made by the hon. minister and by the leader of his party when we were last legislating on matters of this kind that the cart was quite clearly before the horse, we feel that this does represent the position. Moreover, we know that many members of the present administration have over the years—I believe the Prime Minister's rolling phrase is "all through the years"; he used it again on a television program the other night—advocated that the whole concept of federal-provincial relationships should be altered. This was most obviously set forth in a speech made by the Minister of Trade and Commerce when, as reported on page 3647 of *Hansard* of May 10, 1955, when he had this to say:

> Dominion-provincial conferences may continue to be a necessity for Canada. If so, they should be restricted to the core of the problem, the division of administrative responsibility between the dominion and the provinces and the division of fields of taxation.

The Deputy Chairman: I am sorry, but I must inform the hon. member that his time has expired.

Mr. Martin (Timmins): I was unfortunately out of the chamber when the Minister of Finance introduced this resolution. I understand the minister took about 30 seconds to perform this task, and I find this rather strange remembering the minister's eloquence on other occasions when this same subject was under discussion. This resolution reads:

> That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act to extend for a further period of one year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

I must say that this resolution is an outstanding example of the tendency of the present government to conduct dominion-provincial relations on a unilateral basis, and certainly it reflects an approach which members of the Conservative party condemned in vigorous terms when they were in opposition. I think it will be appropriate at this time to place on the record some of the statements which were made by various members of the present cabinet on this subject. Let us take the Minister of Trade and Commerce, for example. That minister, speaking on July 7, 1956, as reported on page 6064 of *Hansard*, said:

> The only way in which to approach this problem is by a conference which would deal with this crucial matter and deal with it not in 24 hours or in 48 hours but over a lengthy period.

Of course, we all recall that the conference which was called in the fall of 1957 lasted for only two days, November 25 and 26.

Then again, the Minister of Justice, as reported on page 6335 of *Hansard* of July 23, 1956, had this to say:

> What is needed is a meeting of all the governments with a view to assessing their needs and what if any exchange of constitutional responsibilities can be arranged by mutual consent.

I wonder what mutual consent there was about the telegrams which were sent out last January to inform the provinces what they were to receive, and, again, this year, when the announcement was made in the speech from the throne? What kind of mutual consent was there then? What steps were taken then to secure the consent of the provinces?

But in order to get a really good quotation we have to turn to the remarks of the Prime Minister himself as reported on page 6369 of *Hansard* of July 24, 1956 when he said:

> I wonder often why this government has not taken the provinces into its confidence. Why these short-term meetings: why these gatherings of a day or two? Why do we not have a meeting of the federal authorities, the provincial authorities and the municipalities—designed to bring about the reconsideration of a problem which for the last 13 years or so has become increasingly complex?

I submit that the situation has become even more complex in the last couple of years. Then again, on July 24, 1956 the Prime Minister said these words as reported on page 6370:

> I think it is fair to say that the attitude taken by the government at the last conference was an arbitrary one. The government simply said, "These are the terms". No opportunity was given for amendment or for amelioration of any term. The recipe for a division of taxation was as final as the laws of the Medes and Persians; and how similar that attitude was to the attitude of the government in the house which is that power makes perfect anything they do. There was no opportunity for negotiation; there was simply the attitude of a feudal lord bringing into being a modern feudalism and laying down the law to the vassals.
>
> That is not the attitude, that is not the consideration to which the provinces are entitled under a constitution which allocates powers as between the federal and provincial governments.

How well those words could apply to the present government even more than they applied to the previous government. Then, of course, we come to what was said by the Minister of Finance. Speaking on July 23, 1956, as reported on page 6287, the hon. member for Eglinton had this to say:

> The house is now asked to carry into legislative form and effect the formula which was the essence of the federal government's proposals. We are asked to do so with full knowledge that no provincial government has yet given its approval to those proposals and indeed with full knowledge that there has been widespread disapproval of the government's proposals on the ground of their inadequacy.

[Mr. Martin (Timmins).]

It seems so strange in the light of these words of the minister, spoken less than three years ago, to find now that the federal government's terms should be made known by telegram. And the Minister of Finance, speaking in the same debate, as reported on page 6289, said further:

> —this rigid and inflexible, this hard take-it-or-leave-it attitude, is foreign to the spirit of confederation, and there has been altogether too much of that rigidity and inflexibility in the attitude of this government all through the years during which the problem of dominion-provincial fiscal relations has occupied the attention of all those governing the dominion and the provinces.

Certainly we can see very little difference between the attitude of the previous government and the attitude of the present government. If anything the attitude of the present government is worse than that of the former administration.

When the Prime Minister convened the dominion-provincial conference in 1956 he is quoted as having said:

> We are not placing before you any take-it-or-leave-it attitudes. We are not taking any fast and hard positions.

From my observations of the present government I agree that it does not take hard and fast positions simultaneously; it takes them separately. I noticed that it took a very fast position when it came to increasing by 50 per cent the money accruing to moneylenders in this country but it reserves hard positions for the sake of the western farmers and the employees of Avro who were thrown out on the street.

We cannot criticize too severely the failure of the government to introduce proposals at the last dominion-provincial conference because it had been in office for only a few months. I do not know just how the impression was created or the undertaking given but it was clearly understood by the provinces on that occasion that the conference would be reconvened the following January in order to work out a satisfactory agreement between the federal and provincial governments. As we all know that January came and went and another January has come and gone and it is going on to a year and a half since the last conference concluded. Not only have we not had a conference but there is no indication of one in the offing.

The Deputy Chairman: Order. I wonder if I may just remind the hon. member that on February 9 and 10 the house held a two-day debate on the first supply motion of this session in the following words:

> This house is of the opinion the government should call a federal-provincial conference at once to deal with serious problems of common concern such as unemployment and fiscal relations.

That was debated for two days and concluded by a vote of this house. I should like to refer to citation 148 (1) of Beauchesne's fourth edition:

148.(1) It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

The debate we held had reference to a dominion-provincial conference. I simply wish to draw that to the attention of the hon. member and ask him to bear it in mind in his remarks.

Mr. Pickersgill: Mr. Chairman, may I raise a point of order for information on that point. I agree of course with Your Honour that we cannot ask the government to call a federal-provincial conference now because that question was decided in the negative by this house but certainly that would not preclude any member of the opposition from drawing attention to the fact that hon. gentlemen opposite on other occasions when they were in opposition were strong proponents of the holding of such conferences and that is what I apprehended the hon. member for Timmins to have said.

The Deputy Chairman: Perhaps the hon. member for Bonavista-Twillingate did not hear the last two or three remarks made by the hon. member for Timmins.

Mr. Martin (Timmins): Mr. Chairman, I thank you for your ruling and I shall endeavour to keep my remarks well within the rules. The proposal before us at this time is a continuation of the proposal introduced last year when an amendment was made to the tax-sharing formula which provided an increase from 10 per cent to 13 per cent in the standard individual income tax in computing provincial payments under the tax-sharing agreement. The provinces were given no opportunity to discuss this proposal or to suggest amendments or alternative proposals. The federal government indicated that this was to be an interim measure effective for a period of one year but now the government is proposing that the present arrangement be extended for another one-year period without having consulted the provinces and with full knowledge that the provinces do not consider this formula adequate. This attitude of the government is most certainly representative of the take-it-or-leave-it attitude which hon. members of this administration so vehemently condemned while in opposition.

The hon. member for Kenora-Rainy River made reference to the rosy picture that was painted by the Minister of Finance at the time this arrangement was introduced. This would be an increase only if the revenue stayed the same as before or if it were increased. What was accomplished was that the government raised the ceiling but did not raise the floor. A certain amount of optimism should be allowed to the government from time to time but I suggest that there has been an excess of optimism which is particularly noticeable on the part of the Minister of Finance. Many of the announcements made by that hon. gentleman lead us to believe that the country is being administered through the processes of government by mirage rather than through the processes of a government that bases its activities on facts and figures.

Possibly I have said enough concerning the actions of the government in the past. What I believe is of concern to Canadians as a whole is what the government will do in future. Will it continue to wallow in the same bog of indecision which characterized the previous administration which fact was so frequently and vocally deplored by hon. gentlemen opposite when they were in opposition? On the other hand will the government clear the decks and endeavour to establish a reasonable and just understanding with respect to these matters that would prevail from coast to coast?

Eight years from now in 1967 Canada will celebrate the 100th anniversary of its founding. Certainly that would be an excellent time to conduct a complete review of the situation in the country in order that each segment could contribute its full share to our development and perform its proper duties. It is essential that the federal government should retain its taxing powers so it can maintain the responsibility of establishing monetary and fiscal policies throughout the country. The taxing field should be left to the federal government. If this were not done how could it possibly meet national emergencies? It would have no money with which to meet these problems if the taxing authority was removed from its hands.

On the other hand the provinces have grown to have responsibilities that were not even dreamed of in 1867. They require federal assistance to meet their growing responsibilities. This line of thinking is not new. May I refer to a statement made by the former hon. member for Dauphin, Mr. Zaplitny, as reported at page 6333 of *Hansard* of July 23, 1956:

If there were a constitutional conference, and if those who participated took a good look at things, had expert advice, decided what from now on could be more efficiently handled on the provincial level and what in the national interests could be more efficiently handled on the federal level, and

then suggested to parliament and eventually to the parliament of Westminster further amendments to our constitution based upon the results of that conference and arising out of common agreement among the representatives of the provinces and the dominion, we would do away with a great many of the difficulties that arise at a time when we are wondering how best to share these revenues.

I would suggest, Mr. Chairman, that the measure before the house now is more a matter of expediency than it is of any particular benefit. In fact, more and more people in this country are beginning to believe that the policy of this government is nothing more nor less than what the Prime Minister says is expedient to do each morning when he rises. That becomes the policy of the present government. If we are going to accept the responsibilities in this country of ours we cannot and we must not permit this to continue. I would say, let us fix 1967 as the target date for maturity in this country. One of the biggest steps in that direction would be to make some honest effort to solve this problem which unfortunately this government appears to have avoided so far.

Mr. Robichaud: Mr. Chairman, in introducing the measure under discussion this afternoon the Minister of Finance was exceptionally brief. He stated that the purpose of this resolution was clear and simple and all that it intended to do was to extend for another year the federal-provincial tax-sharing arrangements which were passed in this house last year.

In introducing the measure amending the Federal-Provincial Tax-Sharing Arrangements Act last year on January 27 the Minister of Finance made it clear to the house that this act provided an interim measure only and that in its application to the fiscal year commencing on April 1, 1958, the definition of "standard individual income tax" in the Federal-Provincial Tax-Sharing Arrangements Act shall for the purposes of that act and any agreements made thereunder be read and construed as if for the words "10 per cent" therein there were substituted the words "13 per cent". As I have just said, the resolution before us at the present time resolves:

That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act to extend the present act for a further period of one year—

This is an interim measure. In fact, Mr. Chairman, it is really in accordance with the present government's policy, which is a short term policy of introducing interim measures after interim measures.

On January 27 of last year, in introducing the resolution which provided the extension from 10 per cent to 13 per cent of the individual income tax share of the equalization formula under the federal-provincial fiscal arrangements, the Minister of Finance said, as reported at page 3847 of *Hansard:*

Mr. Chairman, to the present resolution and to the bill which it is hoped will follow upon the passage of the resolution, the government attaches very great importance, for it looks upon this measure as one that will bring aid to the provinces and municipalities of this country, and effective also in meeting the problem of unemployment. The terms of the resolution, I think, are clear. It is the hope of the government that it may be possible after adoption of this resolution to proceed with the motion for second reading of the bill tomorrow.

I will agree with the minister that the terms of the resolution are clear, and I think the government looked upon this measure as one which should bring aid to the provinces and the municipalities of this country. The present economic condition of the provinces and municipalities justifies the need for more than an extension of the present tax-sharing arrangements for a period of one year. In the report of the proceedings of the dominion-provincial conference of November 19, 1957 we find at page 5, the foreward of the report, the following quotation:

It was agreed at the end of the conference that a subsequent meeting be held as soon as possible in the new year in accordance with the proposals made by the federal government in calling the conference.

Therefore, Mr. Chairman, this report makes it very clear that it was the intention of the government to call a dominion-provincial conference at a later date early in the new year. It was made clear that a subsequent meeting would be held as soon as possible in accordance with the proposals. In tabling on behalf of the Prime Minister copies of telegrams dispatched by the Prime Minister to the premiers of the 10 provinces on the matter of dominion-provincial fiscal relations, which we are discussing today, on January 25 of last year the Minister of Finance is reported at page 3796 of *Hansard* for that date to have said:

It has not been possible, as we had hoped it would be, to reconvene the dominion-provincial conference in January. Therefore as an interim measure, and an interim measure only, we are asking parliament immediately to make available this additional sum of money for the forthcoming fiscal year. Then when there is opportunity it is the intention of the government to reconvene the dominion-provincial conference with a view, as indicated in the letter, to seeking fiscal settlements. This was put forward, of course, without prejudice to the freedom that the dominion-provincial conference will undoubtedly have to discuss the whole area of fiscal settlements.

The telegram which was read and inserted in *Hansard* on January 25, 1958, as reported at page 3795, said in part:

> This is interim measure pending reconvening of dominion-provincial conference to seek fiscal settlements.

These are exactly the same words as were used by the Minister of Finance. The last sentence of this telegram signed by the Prime Minister reads as follows:

> The government of Canada hopes this additional assistance aggregating eighty-seven million dollars in fiscal year commencing April first will be useful in helping provinces and municipalities to meet unemployment and other problems.

There again, Mr. Chairman, it was made clear that this measure, which we are asked to renew today for another period of 12 months, was introduced as an interim measure only, pending the reconvening of the dominion-provincial conference in January of last year. Last year the session which was then under way ended on January 31. An election was held and it was followed by a second session of parliament which ended on September 7. Over a year has since gone by and today we are being asked by the Minister of Finance, not to make an improvement in the act or in the arrangements which we were asked to pass last year but just to extend the same agreement for a period of another year. In repeating his pledge to distribute more federal revenues to the provinces and municipalities the Prime Minister said at St. Patrice de Beaurivage on May 30, 1957, as reported in the Montreal *Gazette* for May 31:

> The provinces and municipalities are poor but the Ottawa government is rich.

Would it be true that conditions have changed considerably since May, 1957, because in June of 1957 a Conservative government took office in Ottawa? Would it be true that the federal treasury may not be in as healthy a state today as it was when the present government took over the administration of the affairs of the country? The fact remains, however, that the Prime Minister promised to make sure that the provinces and municipalities would have sufficient money to do the job they are supposed to do, and notwithstanding the charges which have been made on previous occasions in the house by the Minister of Finance blaming us of accusing the Prime Minister of not keeping his promises, we of the official opposition will make it our duty to remind the Prime Minister and his followers of the promises which they have made to the electors of the country, promises made to provinces and to municipalities, promises which they claim to have fulfilled but with respect to which the results so far are pretty insignificant.

I wonder if any individual member on the government side could go before his constituents today and convince them that the promises made by the Prime Minister to the provinces and the municipalities have been fulfilled. I hear one hon. member say, "We could." Well, just for his information I will recall some of the statements which have been made by the Prime Minister in this regard. I recall first the statement made by the Prime Minister at a press conference in Winnipeg on May 14, 1957, when he said, as reported in the Winnipeg *Free Press:*

> The provinces have been placed in a starving condition. The municipalities have been placed in a position where property owners are faced with heavy burdens of taxation.

We all know that starving conditions were prominent in this country during the last Conservative government, the Bennett regime. Was the statement of the Prime Minister made on May 14, 1957 a prediction of worse days to come? Did he have a premonition at that time of the conditions which exist in Canada today after only 20 months of Conservative government?

The Minister of Finance clearly stated that the government had carried the principle of equalization further than any previous government. The fact is that only 12 or 13 months after the introduction of an amendment to the Federal-Provincial Tax-Sharing Arrangements Act the government is already forced to back away from the principle established by the last amendment. In fact, when the estimates for the coming fiscal year were tabled in the house a few weeks ago it was revealed that six provinces will receive considerably less under the tax-sharing agreements than they received during the present fiscal year, and unfortunately the provinces most affected under the new agreement are those which are recognized as being the needy provinces.

Mr. Fleming (Eglinton): That is not correct at all. I do not know where my hon. friend gets a statement like that because it is just not true.

Mr. Robichaud: The statement I have made is based on the estimates for the fiscal year 1959-60 which have been tabled in the house by the Minister of Finance.

Mr. Fleming (Eglinton): No, it is not.

Mr. Robichaud: When the hon. member for Essex East stated on a previous occasion that an employee of the provincial government of Ontario, Mr. George Gathercole, had prepared the figures used in the telegram sent to the provincial premiers on January 24, 1958 the statement was not denied by the Minister of Finance. Therefore we must

accept the fact that the Minister of Finance referred to an employee of the government of Ontario matters which were strictly within federal jurisdiction and this, Mr. Chairman, is nothing but an insult to the federal civil servants.

Mr. Fleming (Eglinton): That is utter rot.

Mr. Robichaud: The Prime Minister stated time and time again that the tax-sharing pattern used by the previous Liberal administration was niggardly so far as the provinces and municipalities were concerned. If the pattern was niggardly then when conditions were normal what must it be today when over 12 per cent of our national labour force are unemployed and seeking work?

It is true that the interim measure introduced in January, 1958, and the extension we are being asked to ratify today increased from 10 per cent to 13 per cent the individual tax share which the provinces will receive from the federal treasury. However, by failing to place a floor on the amounts which each province will receive, let us say based on the 1957-58 levels as asked last year by the then member for Montmagny-L'Islet, Mr. Lesage, the 1959 estimates now show, notwithstanding the denial of the Minister of Finance, that the poor provinces, the provinces which need it most today, may receive in the coming fiscal year substantially less than they were allotted for the year 1958-59 under the equalization method.

In fact, according to the figures we find in the estimates, to which I have just referred, New Brunswick, for example, is estimated to receive close to three-quarters of a million dollars less and Nova Scotia over $1,400,000 less and this at a time when unemployment in those provinces is at a record high, in fact, almost as high as during the hungry 30's. We are prepared to admit that the provinces were not completely satisfied with the fiscal arrangements made under the previous administration and they are definitely not satisfied with the present arrangements.

At the short 1958 conference which lasted only two days every provincial premier, without exception, asked for a more favourable tax-sharing agreement or more adequate fiscal arrangements. As late as March 26, 1958, as reported in the Halifax *Herald* for March 27, premier Stanfield, addressing a political meeting at Tatamagouche, said:

> Unless the tax-sharing agreements between the federal and provincial governments were revised substantially, our revenues from Ottawa would fall sharply. Nova Scotia, he said, was in no position to absorb such a reduciton.

This is in fact exactly what will happen during the coming fiscal year, and it is one of the reasons why the convening of a federal-provincial conference is urgent and the extension of the present arrangement for the period of one year will not be satisfactory. The former leader of the Conservative party, Mr. George Drew, when leader of the opposition and while addressing the house on July 16, 1956, clearly stated, as found on page 5993 of *Hansard*, that an arrangement should be made to reallocate to provincial governments and municipalities their share of taxes "which will make it possible for them to carry out the heavy responsibilities which they cannot ignore and cannot shirk."

I am sure that Mr. Frost, the premier of Ontario, would be pleased to hear those words repeated today. In the course of the same debate the present Solicitor General addressed the house and had this to say, as found at page 6031 of *Hansard*:

> What is most required is a federal-provincial conference in which the federal government and the provinces will consider the steps to be taken for a fair distribution of taxation fields so that the provinces may play their part in their own sphere.

I am sure that Premier Duplessis would be pleased to hear those words repeated today. At a press conference in Winnipeg on May 14, 1957 the Prime Minister stated that "under a Conservative government the provinces would have a voice in deciding fiscal terms and the tax agreements would contribute to national unity". Where is that voice today? Has it faded because a Conservative government is in power in Ottawa? I am sure that the premier of Manitoba, Mr. Roblin, would be pleased to have those words repeated today. A few days later in Victoria the Prime Minister said this:

> The time has come for a meeting of the provinces with the municipalities present, to discuss their problems. He intended, said the Prime Minister, to convene such a meeting in the spirit of confederation.

Again I am sure that Premier Bennett would be glad to hear those words repeated today. Here is a further statement of the Prime Minister when he said this:

> If action is not taken, we shall find ourselves in a position in five years' time where the municipalities will be bankrupt or unable to carry out their responsibilities.

It did not take five years, Mr. Chairman, under a Conservative government for the prediction of the Prime Minister to be realized. The present government has been in power less than 20 months and already throughout the country numbers of municipalities are on the verge of bankruptcy or are unable to carry out their responsibilities. Where is the action promised by the Prime Minister to ease the present tax burdens of municipalities? Where is the action promised by the Prime Minister at the opening of the

short 1957 dominion-provincial conference when, in addressing the provincial premiers, as reported at pages 8 and 9 of the report, he said:

> When we have your views and suggestions we would like to study them in detail and prepare some specific proposals to put before you at a mutually convenient time in the new year. This would be in accordance with the experience in one or other past conferences, and I believe it is the most acceptable procedure and the only feasible one under all the circumstances.

Mr. Chairman, the 1958 new year has passed and the 1959 new year is passing. Yet we are still waiting for the conference and we have no indication whatsoever—

Mr. Fleming (Eglinton): Mr. Chairman, I must rise on this point of order. My hon. friend keeps coming back again and again and asking for a conference. As was ruled some time earlier this afternoon by the deputy chairman of committees, that subject has been already concluded so far as this session is concerned by the vote of the house on February 10. It is therefore quite out of order for any hon. member to advocate the convening of a dominion-provincial conference. That matter has been concluded as far as this session is concerned by the decision of the house on February 10. That is the substance of the ruling made this afternoon by the deputy chairman of committees when he was in the chair.

Mr. Pickersgill: Speaking on the point of order, Mr. Chairman, may I say this. I was listening most attentively to my friend the hon. member for Gloucester, and he was not advocating the calling of a federal-provincial conference.

Mr. Fleming (Eglinton): Oh, yes, he was.

Mr. Pickersgill: What he was doing, Mr. Chairman, was inquiring what had happened to the federal-provincial conference that was promised in 1957 by hon. gentlemen opposite. Surely that is a legitimate line of speculation and has nothing to do with the decision made by the house.

Mr. Fleming (Eglinton): It is a line, all right.

Mr. Robichaud: What I was saying, Mr. Chairman, is this. The only answer we have, so far, from the present government is the assurance of a continuation of the federal-provincial continuing committee on the matter of federal-provincial fiscal arrangements. We heard recently that a messenger from the minister's department had been sent around to contact the respective provincial secretary-treasurers of the various provinces.

Mr. Fleming (Eglinton): That is not a very kind remark to make about a very responsible official of the Department of Finance.

Mr. Robichaud: I will accept the minister's remark, Mr. Chairman; and I would say that the very responsible official of the Department of Finance is now visiting the provinces in order to discuss the matter of federal-provincial relations and other matters with the provincial premiers and provincial secretary-treasurers. I reminded the minister of this matter a while ago and again I presume that we shall receive no answer.

If the municipalities were the "forgotten people" under the previous administration, what are they now under the present government? I have here the last report showing the municipal tax collections to December 31, 1958 in the province of New Brunswick. I feel that these figures should go on record. It shows that as of December 31, 1958 in the county of Albert, for example, only 81.5 per cent of the current taxes have been collected; in Carleton, 59.6 per cent; in Charlotte, 66 per cent; in Gloucester, 60.8 per cent; in Kent, 69.5 per cent; in Kings, 75.4 per cent; in Madawaska, 59.3 per cent; in Northumberland, 62.2 per cent.

Mr. Stewart: May I ask the hon. member what he is reading from?

Mr. Robichaud: I am reading from the New Brunswick *Municipal Monthly* for January, 1959.

An hon. Member: I think the hon. member is reading his whole speech.

Mr. Robichaud: I am reading from a report. I have said that the report is the New Brunswick *Municipal Monthly* for January, 1959. The figure for tax collections in Queens county is not stated. For Restigouche it was 73.7 per cent; for Saint John, 74 per cent.

Mr. Fleming (Eglinton): On the point of order, Mr. Chairman, may I say this. If we are going to have municipal statistics read into the record here, we can be here from now till Doomsday. Those statistics have no relevance to the matter under debate. The matter under debate is a resolution that contemplates the amendment of one clause of the Federal-Provincial Tax-Sharing Arrangements Act increasing from 10 per cent to 13 per cent the provincial share from the individual income tax. There is not a word about municipal revenues.

Mr. Benidickson: On the point of order, Mr. Chairman, may I just say this. Surely the Minister of Finance recalls that when this particular statute was debated on previous occasions the present Prime Minister always indicated that in a discussion with

respect to tax-sharing matters it was appropriate that the municipalities should be added as a third party to the negotiations and discussions.

Mr. Robichaud: I already put the following quotation on *Hansard*. The last paragraph of the telegram sent by the Prime Minister to the premiers of each province stated as follows:

> Government of Canada hopes this additional assistance aggregating eighty-seven million dollars in fiscal year commencing April first will be useful in helping provinces and municipalities to meet unemployment and other problems.

What I am trying to do now is to prove to the minister that this new agreement is not meeting the needs of the municipalities. As an illustration of the urgent need of the municipalities, I should like at this time briefly to describe the financial position of my own municipality of Gloucester. The situation is serious and critical when a municipality like Gloucester is near the breaking point and has to petition the provincial government to pass special legislation to levy additional tax on liquor, beer, wine and luxuries to meet its obligations and to provide the public services expected by our population. The Gloucester municipal council also petitioned the provincial government of New Brunswick for a larger share of federal subsidies, a share which it is not receiving now.

The direct taxation in Gloucester county has reached its limit. The school taxes have increased by 80 per cent in the last 12 years.

The Chairman: Order. I have listened to the remarks of the hon. member for Gloucester for the last few minutes and I must bring to his attention the fact that he is straying away from the resolution which is at present being debated. We cannot at the present time permit discussion with regard to the situation in each individual county or in each individual municipality. We are discussing a resolution which is clear. I must ask the hon. member please to confine his remarks to matters which are relevant to the resolution under study at the present moment.

Mr. Pickersgill: Mr. Chairman, a very important question of privilege for all members of the opposition is raised by the observations Your Honour has just made. As we have been told over and over again by the previous government and by the present one, the purpose of these tax-sharing arrangements is to put the provinces in a financial position to carry out their constitutional functions by themselves. That is the reason why we have tax-sharing, and I believe it is the only valid reason. The municipalities are creatures of the provinces. One of the most important historical reasons which has been given ever since the days of the Rowell-Sirois report on the principle of tax-sharing is that the provinces, and through them the municipalities, should be put in a financial position to carry out their functions. My hon. friend from Gloucester is showing, or attempting to show, that in his province, in one of the leading municipalities, the present arrangements which this government is asking to be continued are not being so continued. It seems to me that nothing could be more completely relevant to the subject which is before us.

Mr. Benidickson: Mr. Chairman, on the point of order might I say I think there is relevance, because it is public knowledge that in the province from which I come, namely Ontario, the minister of planning and development, the member for Kingston, has stated within very recent weeks that every last dollar that might be forthcoming from this government to the province would be passed on to the municipalities.

Mr. Robichaud: Mr. Chairman, on the point of order I would again recall to this committee the words of the Minister of Finance when he introduced this very same measure last year on January 27, as reported on page 3847 of *Hansard*. He said:

> Mr. Chairman, to the present resolution and to the bill which it is hoped will follow upon the passage of the resolution, the government attaches very great importance, for it looks upon this measure as one that will bring aid to the provinces and municipalities of this country—

I cannot see how we can be prevented from bringing in municipalities, when the Minister of Finance himself mentioned it in introducing this bill last year. It is the very same bill we are being asked to amend this year, to extend it for another period of one year. I would like your ruling on this.

The Chairman: I am not ruling out of order the remarks of the hon. member for Gloucester in this sense, that he can talk about questions relating to municipalities in a general sense. But he cannot talk about questions relating to one particular municipality. If the chair permitted the hon. member to actually deal with such matter in a particular sense it would mean that all the hon. members of this house would then have a right to ask that their own problems in each municipality be discussed. Therefore I suggest that the hon. member confine his remarks in a general sense to the relationship of the municipalities, but not to bring in individual cases.

Moreover, in relation to the point of order raised by the hon. Minister of Finance concerning the discussion with regard to the resuming of a debate which has already taken place in this house, on which a vote was

taken, I would like to quote from Beauchesne's fourth edition, page 126, rule 148 (1), which states:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

Consequently, I must defer to the point of order which the Minister of Finance raises, and that is that we cannot return to a debate on which there has been a vote. It would be appreciated by the Chair if the hon. members of the house confined their remarks as much as possible to the item under debate.

Mr. Robichaud: The Prime Minister in Truro on May 1, 1957 promised that the Conservative government would immediately convene a dominion-provincial conference with representatives of the provinces and municipalities to restore once again the opportunity for provinces and municipalities to exercise their functions under the terms of confederation. Direct taxation in the different municipalities of the province of New Brunswick has reached its limit. Some of those counties may certainly be a good section of the country to live in, but we have reached the point where it is impossible to live and expect the same privileges as enjoyed in other sections of the country. I do not want to cite any specific examples concerning my municipality of Gloucester but, for example, owning a car in Canada is not ordinarily considered a luxury. In some counties in the province of New Brunswick the owner of a car has to pay from $36 to $70 a year municipal taxes if it is a small imported car like an Austin, or any of the others of similar make. If he is the owner of what we call a standard car, like a Ford or a Chevrolet, his municipal taxes are $54 to $110 a year. If he is the owner of a larger car, like a Buick or Monarch, his taxes are from $100 to $200 a year. I am not blaming our municipal councillors, because these gentlemen are doing the impossible to meet the existing demands of their respective municipalities. But nevertheless the situation is beyond their control and they have no other field of taxation from which to raise the funds required for the administration of their municipalities. This is why we feel that the purpose of the amendment which we are being asked to discuss and pass today would not meet the needs of the different municipalities.

I realize that there may not be permanent and realistic solution to the complex problems of fiscal relations. However, I feel that practical compromises should be marked out to meet changing social and economic conditions which also affect the responsibilities of the federal, provincial and municipal governments. Every Canadian citizen is entitled to a certain reasonable minimum of services without having to bear a level of taxation more onerous than the average Canadian. All across Canada municipalities are finding their tax revenues inadequate for the rapidly mounting cost of their operations. Money is getting more and more expensive and difficult to obtain. During the last four or five years municipal expenditures have increased by over 50 per cent. The cost of financing education, health, welfare, roads, utility services and others have increased year after year. Some provinces, like Manitoba, have made available to municipalities a large share of the amount received under fiscal grants, or under federal-provincial tax arrangements, while others, like New Brunswick for example, have refused to recognize the urgent needs of municipal governments.

This is a clear example of unilateral decision where the municipalities did not have one word to say. The municipalities face the most critical conditions of all levels of government, and the municipalities are faced with the most widespread demands for expenditure; but they have nothing to say in getting their right share of amounts paid under federal-provincial fiscal arrangements. The federal government could also arrange for municipalities to borrow at a lower rate of interest, somewhere in the vicinity of the federal rate. We all know that the borrowing capacity of municipalities—

The Chairman: With regret I must interrupt the hon. member; his time has expired.

(Translation):

Mr. Meunier: Mr. Chairman, I am happy to take part in this debate in order to remind the Minister of Finance (Mr. Fleming) that he must now fulfil a promise he made during the last election in the province of Quebec, and which as a matter of fact, he had already held out in July 1956, when we were discussing the matter in this house. Here is what the Minister of Finance said in July 1956, as can be seen on page 6296 of the official record dated July 23rd 1956:

> I ask the government to take a responsible attitude in this matter and recognize the imperative needs of the provincial and municipal governments. This formula is at best a makeshift; it is no solution of the problem. What is needed is a government with a realistic and sympathetic appreciation of the responsibilities and burdens and problems of the provinces and a wholesome respect for the constitutional position of the provinces and the constitutional rights they possess, as well as the responsibilities they bear.

Moreover, during the 1958 election campaign, the Minister of Finance came to the province of Quebec, and more particularly to

my riding, on March 17th or 24th of last year, and, speaking on behalf of my opponent, Mr. Danis, he promised the final settlement of this issue with the province of Quebec. I am aware that the minister is a man of integrity, of talent, and a glutton for work, but I shall tell him that, when he promised to settle the problem of fiscal relations with the province of Quebec, he undertook a very hard task indeed.

At the 1957 conference, a meeting of the provinces had been called to explore their needs. They were then promised a further conference where the government would state its position.

I have no intention of repeating the statements made by previous speakers, but I can say to the Minister of Finance that, to settle a problem of such magnitude, he needs the co-operation of the authorities concerned.

When he proposes, as he now does, to grant to provinces, and particularly to the province of Quebec, 13 per cent of federal income tax, I say as other members have said that this is a poor solution as far as the province of Quebec is concerned.

I said just now that, to correct the situation and settle the problem, he needs the co-operation of the parties concerned. However, I wonder whether he can hope for the Quebec government to co-operate in this matter. If we look up the proceedings of the 1955 conference, on page 40, and the proceedings of the 1957 conference on page 31, we find that the premier of Quebec came to Ottawa to repeat the same thing in both circumstances. I quote his statement:

> 1. Clarification and delimitation of the powers of taxation of both the federal and provincial authorities, in accordance with the letter and spirit of the Canadian constitution, that is to say having regard to the past, the present and the future.
>
> 2. Simplification of public taxation in such a way as to reduce its cost and facilitate its collection.
>
> 3. Moderation in the domain of taxation to be arrived at by the collaboration of all public powers, in such a way as to ease the burden of the taxpayer so far as possible.

Those sentences were repeated at both conferences, and it is obvious that the necessary co-operation for the settlement of such a vast problem will not be easy to get.

The situation, in the province of Quebec, is quite special. If the Minister of Finance wants to settle the problem, he will have many prejudices to overcome, not because of the stubbornness of the premier of Quebec, but rather because of his puns and of his distorted mind.

Only a few days ago I heard the premier of Quebec say that the federal government was grabbing 75 per cent of taxes. However, he made no mention of the equalization payments or of all that the province of Quebec receives under the constitution, or what the province gets in the form of grants for hospitals and for professional and technical schools. Without explaining the exact situation he prefers to insinuate that the federal government grabs 75 per cent of taxes, instead of saying that the federal government collects taxes and offers in turn the equalization payments, as is the case now. For the year 1957-58, the province of Quebec received $51,815,000 and this year, it will receive $55,809,000, and this is not taking into account the other amounts paid under certain statutes.

We are sure that the federal government is not grabbing 75 per cent of the tax dollar; it levies those taxes and then hands them back to the provinces. I then say to the Minister of Finance, Mr. Chairman, that he has a mission to fulfil, because in the province of Quebec the story goes—and people believe it—that the fiscal agreements of 1956 were agreed to with a knife held to the provinces' throats, and that the provinces, especially the province of Quebec, were forced to accept what was offered them.

Furthermore, during the last election campaigns, the Minister of Finance kept repeating that he would settle the problem to the satisfaction of all, as the Solicitor General (Mr. Balcer) also claimed here, for instance on October 18, 1957, when in reply to a question put to him by a member of the opposition, he stated:

> I wish to tell my hon. friend that I am still opposed to subsidies such as were proposed by the former government.

And later on, he added:

> I want to tell him that the proposals of the federal government are not yet known, but I am convinced that they will be made on a very different basis from those of the former government.

I understand the Solicitor General was not then speaking on behalf of the government, but what he said squares with what the Minister of Finance stated on various occasions, i.e. that the problem of fiscal relations would be solved fully and satisfactorily, in so far as the provinces, especially the province of Quebec, are concerned.

I am not reproaching him for his failure to call another conference, but I hope that within a year he will have called one and thus given satisfaction to the province of Quebec, since its population is now being deprived of considerable and badly needed income.

(Text):

Mr. Howard: In rising to take part in this debate I think it would be well for us to review that part of the resolution which indicates that it is the intention of the government to extend the tax rate for one additional year. The words of the resolution say, in fact:

—to extend for a further period of one year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces—

And so on. I think this is indicative of the type of government we have. It may be one is generous in saying that this is a year-to-year government. It would be more apt to call it a month-to-month government operating on a temporary basis without any clear idea where it is going in the field of long-range planning.

I think we had expected far more from the Minister of Finance than a mere attempt to extend for an additional year the change which was brought about by telegram shortly before the last election. It would have been far more acceptable to the house in my opinion, as well as to the provinces and to the municipalities, if the minister had been able to come here this session with some plan or scheme respecting provincial financial arrangements which would have been in keeping with the attitude taken by the Conservative party in the past. As long as the government continues to proceed on a haphazard basis, a month-to-month basis, it can expect all the criticism which it is possible to generate with regard to its actions. I wish to say a few words about municipalities. I hope that the minister is not going too far. I observe that he has gone out the back door.

Mr. Hamilton (Qu'Appelle): I will tell him what you say.

Mr. Hees: We will pass it along.

Mr. Howard: Mr. Chairman, I appreciate the generosity of both the Minister of Transport and the Minister of Northern Affairs and National Resources in promising to communicate my ideas to the Minister of Finance. I am sure they will not do it in the same fashion I intend to but I hope their representations to the minister will bear some weight. Indeed, it would have been better if these two hon. gentlemen had undertaken many months ago to make representations along this line to the Minister of Finance. It would be preferable if they would exert some of the energy they displayed when in opposition in urging the introduction of sensible proposals. Perhaps they are not on speaking terms of recent date with the Minister of Finance, I do not know.

Mr. Walker: How about talking about something you do know?

Mr. Howard: The municipalities are an integral part of our dominion-provincial relationships inasmuch as they are the children of the provinces, as it were. The federal government has a financial responsibility toward them to a certain degree. While the 13 per cent approach may assist the provinces and municipalities in some small measure it represents a feeble effort in terms of offsetting the increased costs they have to bear as a result of the higher interest rates the federal government has forced upon them.

I wish to make brief reference to interest rates as they apply to a couple of municipalities in British Columbia. I choose these only because they are representative of the general pattern. I take this information from the 1958 red book on British Columbia municipal statistics which I have in my hand. These figures relate to borrowings guaranteed by the province of British Columbia and they would therefore bear a lower interest rate than would debenture issues floated by municipalities without such guarantees on the part of the province.

In 1947 the village of Burns Lake issued 20-year debentures at an interest rate of 3 per cent which even today would be a pretty high rate to have to pay. Eleven years later the same village issued 20-year debentures in the same amount and for the same purpose but the interest rate was jacked up to 4 per cent. The interest on the borrowings of another village municipality, Lumby, for 1958, was 5 per cent. In recent months the general trend has been that interest rates that provinces have to pay on their borrowings for the various works they enter into and those payable by municipalities have been steadily increasing. This is a direct result of the action of this government in its recent conversion loan program.

I believe it is disgraceful that the 13 per cent approach should be taken in an attempt to balance the scale of the drain that is made on municipalities and provinces for the borrowings they have to make at this time. We cannot continue for long this disgraceful method of dealing with the municipalities and provinces. It is long past the time when concrete action should have been taken by this government.

Recent statements made by the Prime Minister indicate that interest rates may go even higher. I should like to read some comments made by the Prime Minister—

Mr. Fleming (Eglinton): Mr. Chairman, this obviously is out of order. There is nothing in this present resolution that has anything to do with interest rates. I would ask that the

hon. member be requested to confine himself to the matter that is before the committee.

Mr. Howard: Mr. Chairman, if I may comment on the point of order I would say that the minister is quite correct in that there is no reference to interest rates as such in the resolution but it deals with the financial relationships of the federal and provincial governments. Because of the system we follow the provinces occasionally have to borrow money and their borrowings are affected by interest rates. The payments of the federal government to the provinces under the tax-sharing agreements should take into consideration the question of interest rates and I believe reference to this is in order.

The Acting Chairman (Mr. Crouse): The Chair does not wish to be too firm in this matter but I think the hon. member should confine himself more to the terms of the resolution and not pursue that line of thought.

Mr. Howard: Very well, Mr. Chairman, I will not pursue it too far. In fact, at your insistence, I will stop now. Your ruling has prevented my quoting some statements made by the Prime Minister that I know he would not like to have mentioned too often. They indicate that interest rates are going to go up.

Mr. Fleming (Eglinton): Order, order.

Mr. Howard: There is one other matter that I feel falls within the ambit of the resolution before us. I wish to refer to a statute that has been on the statute books for a number of years but of which no use has been made in recent years. This statute relates to the fiscal relationships between the federal government and the provinces and their children, the municipalities. The act is familiar, I am sure, to the Minister of Finance as its administration comes under his jurisdiction. It is chapter 183 of the revised statutes of 1952 and is an act designed to assist municipalities in making self-liquidating improvements. How are we to consider the activities of the government with respect to this 13 per cent proposal if we do not think in terms of the other relationships that exist between the provinces and the federal government? One of these, I suggest, is embodied in the provisions of this act which reads—

Mr. Fleming (Eglinton): Mr. Chairman, I have to raise a point of order again. The hon. member is proposing now to talk about an entirely different statute. This is clearly out of order. We are dealing here with a resolution that contemplates the introduction of a simple amendment to the Federal-Provincial Tax-Sharing Arrangements Act. That does not open the door to discussion of other statutes.

Mr. Howard: If I may discuss the point of order I would say that the minister is correct in saying this is a simple amendment. It is far too simple and I feel it should be extended. What I am attempting to do is illustrate how simple the amendment is and indicate that it should be far broader. I am seeking to point out the failure of the government in not dealing adequately with the financial relationships between the provinces and municipalities and the federal government. I suggest that this entire field should be considered if only in the light of what constitutes a failure on the part of the Minister of Finance to adequately cope with the problem.

The Acting Chairman (Mr. Crouse): Once again I would like to refer the hon. member to the resolution. It is true that what he is saying deals with a certain facet of this resolution, but it is not broad enough to take in his remarks and I will again ask him to confine his remarks to the resolution which reads:

> That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act to extend for a further period of one year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

Mr. Howard: I appreciate your consideration of my position and of the position of hon. members in discussing this resolution. Originally I did not think it would be as confined as that, but I will certainly attempt to make my remarks in such a way that you will remain sitting in the chair and will not have to rise to draw my attention to being out of order and also the Minister of Finance will not get as much exercise in jumping up and down.

The beginning of the resolution says that it is expedient to do this. So far as I am concerned it is not expedient to do it. It would be far more sensible if the minister had some ideas as to where he is going, if he had some sort of plan, if he had been able to look a little bit into the future and see the desires and needs of the provinces under the federal-provincial tax-sharing arrangements instead of just slipping along from one month to the next and hoping that by the time the end of the month comes around the problems will have solved themselves and he will not have to concern himself too much about the future. I think it would also be appropriate at this time if the minister could

give us some sort of information in a general way whether he expects to carry on from month to month and from year to year in this haphazard way, or whether he has really any thought of doing something beneficial for the provinces. Perhaps he might like to leave that until we get to the budget itself.

Can the minister indicate whether it is his intention to introduce any sort of legislation which will have a bearing on the financial position of our municipalities in order that we may be able to deal with that phase of it, in as much as I am prevented from doing so at this time.

I posed a question to the Minister of Finance, Mr. Chairman, which was to this effect. I wondered whether he could indicate that it is the intention of the government to take any concrete, definite steps with regard to easing the tremendous financial burden of the municipalities in order that we might discuss the plight of the municipalities and the federal government responsibility to them.

Mr. Fleming (Eglinton): Mr. Chairman, it is obvious that that matter is quite outside the scope of debate on the present resolution.

Mr. Howard: I do not think it is quite outside the scope at all, Mr. Chairman. Reference was made to it in earlier discussions. Hon. members participating in this debate earlier mentioned the position of municipalities. The Minister of Finance himself is quite prone to glorify the attitude of this government toward the municipalities with respect to easing their position. I suggest he is merely trying to slide out from under a difficult case for which he has no answer because he has no policy toward it. I think I am entitled to insist upon a better type of answer than the minister has given us at the moment.

Some hon. Members: Carried.

Mr. Howard: I suppose I can take his silence as indicating he has no policy and he smiles, too.

Mr. Regier: Mr. Chairman, the resolution reads:

> That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act to extend for a further period of one year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

We are placed in the position of being asked to agree as to whether or not we should allow the provinces to have a little more money for one more year. I say that this resolution is inadequate; it is completely inadequate. I had hoped that after all the election campaigns, after all the pledges and after all the promises of the new deal that we have heard so much about, the minister would have introduced a resolution that certainly would have given a bit of indication of the new deal. However, in my opinion this resolution is something that is based upon expediency. This resolution contains no indication of the new deal for the lower levels of government that we have heard so much about over a goodly number of years now.

I am sure that in 1867 the fathers of confederation had no idea of what the functions of the various levels of government might be like in the year 1959. They made arrangements to meet the particular time and circumstances that they were faced with at that time. Today the function of the federal government and its responsibilities are relatively small in the light of the developing and growing responsibilities facing the municipal and provincial levels of government. The Conservative party pledged itself to do something to remedy the situation if the electors would elect it to office. I can well remember the Conservative party when in opposition moving an amendment calling for a rearrangement of the existing situation, in so far as the responsibilities, and especially in their opinion in so far as the revenues of the various levels of government were concerned.

I have obtained a little bit of information and I find that in the year 1958 the revenues of the federal government from only three tax fields amounted to $3,001.8 million. I hasten to add that these were not by any means the only sources of revenue of the federal government; the revenues of the federal government were much higher indeed. However, from only three main sources the federal government collected $3,001.8 million and the net revenues of all the 10 provincial governments of Canada totalled only $2,051 million. I am informed that in that year, taking all the taxes that the people of Canada paid, the federal government received 75 cents out of every dollar. Our provincial governments received 11 cents out of the tax dollar, and while many of us think that municipal taxes are very high, and they are, municipal governments were able to collect only 14 cents out of the tax dollar. In other words, the federal government collected 75 per cent, the lion's share of the tax payments of the Canadian people and the other levels of government had to be satisfied with a mere 25 per cent or with taking only one dollar out of every four.

It is hardly good enough that a new government pledged to a new deal should now ask the house to renew once again the old and inadequate arrangement arrived at in the past. The minister may well attempt to

argue that he gave the provinces more money. Yet I think he will have to admit that statistics have proved that actually he did not give them any more money, that actually they are in receipt of less money than they received on other occasions.

Mr. Fleming (Eglinton): That is not true.

Mr. Regier: I know that some of these factors are beyond the minister's control. I know that tax revenues have been on the decline, something that the minister did not anticipate at the time he announced very proudly that he was making an additional $65 million available to the provincial governments. I do not think the minister expected at that time that events and circumstances in the year ahead would be such as to eliminate most of the $65 million increase announced by him.

We in our group realized at the time what was happening on the Canadian economic scene and we feel that the minister's advisers should have advised him that the increase of $65 million announced by the minister would at best only result in a very small increase to some provinces and in the case of others the result would be that they would actually receive less money than on other occasions.

The resolution before us is in very specific terms. The minister is asking that the Federal-Provincial Tax-Sharing Arrangements Act be extended for one year. Surely that is far from satisfactory. If the minister feels that the existing formula is so realistic and has to be continued then he should be able to give the provinces some indication of what kind of a deal they can expect beyond one year. Our provincial governments have to do a lot of planning if they hope to meet their constitutional responsibilities and it is hardly satisfactory for the minister to ask the provinces to be satisfied with what is in effect an ad hoc arrangement whereby he says to them, "Let us go from month to month and see how we get along". Our provincial governments need more assurance than that.

I have mentioned how the federal government takes in much more money, although only from three tax fields, than do the ten provincial governments combined. However, I might take another approach to this matter. The responsibilities of the other levels of government have grown tremendously. The share of the tax dollar of the senior level of government has grown but at the same time its share of responsibility has, in the absence of war, declined substantially. Therefore we now have a situation where one government, with a smaller percentage of responsibility than before, has the lion's share of the tax dollar while the other levels of government, whose percentage of responsibility has grown by leaps and bounds because of our changing society, find that their share of tax revenue has declined year by year.

Mr. Fleming (Eglinton): I wonder whether the hon. gentleman would permit me to interrupt? It is now about two minutes to six o'clock. I wonder whether the committee would be prepared to allow the resolution to pass so that the bill can be introduced. My hon. friend will have an opportunity to continue his remarks in the debate on second reading of this bill.

Mr. Regier: No.

Mr. Fleming (Eglinton): The bill, I might point out, follows very closely the language of the resolution. From last year's bill the hon. member knows what form the bill will take, and I should think he would have full opportunity to continue on second reading of the bill or on the committee stage of the bill the type of argument he is advancing now. If the resolution were passed it would enable the house to have the bill forthwith.

Mr. Regier: Mr. Chairman, we know from past experience that the range of debate will be much more limited once the bill is introduced. The sole purpose of the resolution stage is so that members of the opposition may yet influence the type of bill that is going to be presented to the house. I have many other comments to make at this time and I regret that I cannot comply with the minister's request.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether the leader of the house could let us know what the business will be for tomorrow and Friday.

Mr. Green: Mr. Speaker, tomorrow we shall commence with the estimates of the Department of Citizenship and Immigration and then take those of the Department of Agriculture.

Mr. Pickersgill: That is all that is proposed for the rest of the week?

Mr. Green: Well, if we get those both through tomorrow we will have a lot more business for Friday.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.N.R. EMPLOYMENT STATISTICS, MAN. AND NORTHERN ONT.

Question No. 11—**Mr. Fisher:**

How many men did the Canadian National Railways employ on section work between (a) Winnipeg and Redditt; (b) Redditt and Sioux Lookout; (c) Sioux Lookout and Armstrong; (d) Armstrong and Nakina; (e) Nakina and Hornepayne; (f) Longlac and Port Arthur, on (1) January 1, 1958; and on January 1, 1959?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of the Canadian National Railways advise that they do not assemble employment figures by districts, and consequently such a compilation would require a considerable length of time and the assignment of special staff.

CHAMPLAIN BRIDGE—TENDERS FOR CONSTRUCTION

Question No. 141—**Mr. Loiselle:**

Questions

1. Have tenders been advertised by the national harbours board in connection with the construction of the future Champlain bridge?

2. If so, in what manner, for what part, and what were the specifications and other directions submitted to those who tendered?

3. Have tenders been received by the board? If so, how many, and on what dates were they opened?

4. What are the names of those who submitted tenders, and what is the amount of each tender?

5. Was the contract awarded to the lowest bidder? If so, to whom? If not, for what reason?

6. Has a date been set by the board for the commencement of this work?

7. If not, when is the work likely to begin, and what is the estimated time for its completion?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. Tenders for the superstructure of the drift span were invited by public advertisement, the specification limiting quotations to a structural steel through span structure with either concrete or steel grid gutters.

3. (a) Yes, (b) eight, (c) February 12, 1959.

4.

Firm	Amount Concrete gutters	Steel grid gutters
Canadian Bridge division of Dominion Steel and Coal Corporation	$2,123,181	$2,284,046
Niagara Structural Steel Limited	2,132,548	2,280,873
Dominion Structural Steel Limited	2,222,765	2,370,535
Dominion Bridge Company Limited	2,239,000	2,391,800
Ardelt Industries of Canada Limited	2,311,084	2,463,283
Runnymede Steel Construction Limited	2,320,500	2,502,500

In addition, the following firms submitted tenders for a pre-stressed concrete structure rather than the steel structure specified:

Louis Donolo Inc	$1,763,000	$1,774,000
The Foundation Company of Canada Limited	2,093,240	

These two tenders include the roadway slab which is not included in the tenders on the steel structure.

5. (a) The contract has not been awarded (b) a study is being made of the acceptability of an alternative design.

6. No.

7. (a) Shortly after approval of award of contract by the governor general in council (b) The completion date will be as stipulated in the tender of the successful contractor. Contractors' estimates range from 155 to 630 days.

"AGREED CHARGES" ON RAIL SHIPPING

Question No. 143—**Mr. Fisher:**

1. Have Canadian railroads established "agreed charges" arrangements with any Canadian shippers since July 1, 1958?

2. If so, what railroads, with what shippers, for what goods in what amounts and quantities, between what shipping points, and at what rates?

3. In each case, what was the scale of the adjustment in money terms per unit (e.g. cwt., ton, etc.) from the rates in effect before the agreed charges?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

Questions

2 and 3. The board of transport commissioners advises that agreements for agreed charges are being filed almost daily, and that since July 1, 1958, up to February 16, 1959, 156 agreed charges have been executed and filed with the board. These apply to 275 shippers from a minimum of 423 shipping points to a minimum of 593 destinations, and involve a minimum of 1,701 rates on at least 500 commodities. To furnish the detailed information requested would require a long period of time, as due to pressure of regular duties it would not be possible to assign staff specially to collate the data. As to that part of the question inquiring about the charges which would be in effect in the absence of agreed charges, the board advises that in some cases this would be impossible to supply, for example, one particular agreed charge applies to all commodities except explosives, household goods, livestock and live poultry, and applies from 110 shipping points to 110 destinations.

To pick out all the commodities that would be involved in many different rates, all of which are embraced in this one particular agreed charge, would in itself be a task of major proportions. In regard to the quantity of goods involved in the agreed charges, this information is not available in the records of the board of transport commissioners.

NATIONAL GALLERY ADMINISTRATION

Question No. 186—**Mr. Argue:**

1. What was the annual budget of the national gallery for each year since 1935?

2. Who is the director of the national gallery at present, what are his duties and administrative powers, his qualifications for the position he holds, and what rank in the government service does he have?

3. What are the financial and administrative relationships between the national gallery and the department through which it reports to parliament?

4. Is the national gallery administered in any way through a board of trustees?

5. If so, what is the administrative relationship between the director and the board, the board and the department; who have been the members of this board for each year since its appointment, by whom are the members appointed, and what is the method of their selection?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1.

Fiscal year	Budget
1935-36	$ 73,000.00
1936-37	75,000.00
1937-38	75,000.00
1938-39	115,000.00
1939-40	115,000.00
1940-41	45,000.00
1941-42	43,720.00
1942-43	43,720.00
1943-44	66,546.00
1944-45	68,330.00
1945-46	102,405.00
1946-47	105,000.00
1947-48	130,718.00
1948-49	181,158.00
1949-50	186,785.00
1950-51	338,954.00
1951-52	295,977.00
1952-53	621,368.00
1953-54	705,345.00
1954-55	382,185.00
1955-56	1,321,433.00
1956-57	498,217.00
1957-58	637,782.00
1958-59	658,600.00

2. Mr. Alan Jarvis. Under the authority of the board of trustees, to be responsible for the direction and administration of the national gallery in pursuing its objectives, i.e., the development, maintenance, care and management of the national gallery, and generally the encouragement of Canadian public interest in the fine and applied arts; to be responsible for the custody and preservation and proper presentation to the public of works of art in the possession or care of the national gallery; to recommend and negotiate the purchase, lease or loan of master paintings and other works of art and industrial design; to give advice and information in connection with lectures on art and travelling exhibitions; to organize the exhibition of Canadian art abroad, and to negotiate with official institutions in other countries for art exhibitions to come to Canada; and to perform other related duties as required.

Born in Brantford, Ontario, in 1915, he attended Parkdale Collegiate Institute, Toronto, and the University of Toronto, where he took his B.A. with honours in philosophy and psychology in 1938. Later, at the University of Oxford where he was a Rhodes scholar, be specialized in philosophy with particular emphasis on aesthetics. He also held a fellowship at the Institute of Fine Arts, New York University, New York, and took additional graduate studies in art history at the University of Toronto. During the war he worked in the aircraft industry in England on training and industrial relations. In 1945, he was private secretary to the late Sir Stafford Cripps, who was then president of the board of trade in the United Kingdom government. His great interest in design took him after the war to the newly organized council of industrial design in England and he became its first public relations officer; he handled the publicity for the "Britain Can Make It" exhibition in 1946 which first brought contemporary British design to the attention of the post-war world. Later he became executive director of Pilgrim Films,

an independent film producing organization. From 1951 he was head of Oxford House in London, England. While residing in England he was actively engaged is many cultural activities including the post of editor of a series of design booklets "The Things We See" published by Penguin Books. He is a sculptor with works in collections in Canada and the United States and he has written and lectured widely in art and design. His cultural interests include drama and the stage and prior to returning to Canada in 1951 he was chairman of the board of governors of the Group theatre in London.

His classification in the government is senior officer 2, with responsibilities equivalent to deputy minister.

3. No relationship. It reports to parliament as an autonomous department through the Minister of Citizenship and Immigration.

4. Yes.

5. The director is the principal administrative officer of the gallery, and has the general management and direction of the gallery's affairs and of its officers, employees and servants, subject to the authority of the board. He presents a report on the activities of the gallery at each meeting of the board and has such further powers and duties as may be prescribed by the board. There is no relationship between the board and the department. Members of the board for each year since its appointment have been:

1913-1922: Sir Edmund Walker, Dr. Francis Shepherd, Hon. Arthur Boyer.

1923: Sir Edmund Walker, Dr. Francis Shepherd, Mr. J. Auguste Richard, Mr. Warren Y. Soper, Mr. Newton MacTavish.

1924: Dr. Francis Shepherd, Mr. J. Auguste Richard, Mr. Warren Y. Soper, Mr. Newton MacTavish.

1925-1928: Dr. Francis Shepherd, Mr. Newton MacTavish, Mr. Vincent Massey, Mr. Norman Mackenzie, Mr. J. O. Marchand.

1929-1932: Mr. N. S. Southam, Hon. Vincent Massey, Mr. Norman Mackenzie, Mr. J. O. Marchand.

1933-1936: Mr. H. S. Southam, Hon. Vincent Massey, Mr. Norman Mackenzie, Mr. J. O. Marchand, Mr. Elwood B. Hosmer.

1937-1945: Mr. H. S. Southam, Hon. Vincent Massey, Mr. Elwood B. Hosmer.

1946-1947: Mr. H. S. Southam, Right Hon. Vincent Massey, Mr. Jean Chauvin.

1948-1949: Right Hon. Vincent Massey, Mr. H. S. Southam, Dr. Robert Newton, Mr. Jean Chauvin.

1950-1951: Right Hon. Vincent Massey, Mr. H. S. Southam, Mr. Jean Chauvin, Dr. Robert Newton, Mr. Lawren Harris.

1952-1954: Mr. H. S. Southam, Mr. Jean Chauvin, Mr. Lawren Harris, Mr. C. P. Fell, Mrs. H. A. Dyde, Dr. W. T. R. Flemington, Mr. John A. MacAulay, Mr. F. Cleveland Morgan, Mr. Jean M. Raymond.

1955-1958: Mr. C. P. Fell, Mr. Jean Chauvin, Mrs. H. A. Dyde, Dr. W. T. R. Flemington, Mr. Lawren S. Harris, Mr. John A. MacAulay, Mr. F. Cleveland Morgan, Mr. Jean M. Raymond.

1959: Mr. C. P. Fell, Mrs. H. A. Dyde, Dr. W. T. R. Flemington, Mr. Lawren Harris, Mr. John A. MacAulay, Mr. F. Cleveland Morgan, Mr. Jean M. Raymond.

Members are appointed by order in council and the general practice has been for new members to be selected from recommendations submitted by the board of trustees.

NATIONAL ART GALLERY CHAUFFEUR

Question No. 196—**Mr. Murphy:**

1. Is there a chauffeur employed by the national art gallery?
2. If so, to whom are his services available?
3. Does the national gallery have an automobile for the use of the director?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. No. A truck driver whose civil service classification is designated as chauffeur will be added to the establishment effective 1st April 1959.

2. The truck driver's services will be available to the national gallery for general delivery purposes.

3. No. The national gallery does have a city delivery van especially fitted to transport works of art.

CONSTRUCTION OF POST OFFICES, QUEBEC

Question No. 209—**Mr. Roberge:**

1. Since the beginning of the 1957-58 fiscal year, in what city, town or village municipalities of the province of Quebec, has the government built post offices, the cost of which was less than $25,000? What was the total cost, upon completion, in each case?
2. In what city, town or village municipalities of the province of Quebec, is the government at present building post offices, the estimated cost of which is less than $25,000, and what is the said cost in each case?
3. Have arrangements been made by the government to erect post offices in the province of Quebec before the end of the fiscal year ending March 31, 1960, the cost of each not to exceed $25,000?
4. If so, in what city, town or village, and at what estimated cost in each case?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Location	Estimated cost
Napierville	$14,654.00

Questions

2. Location	Estimated cost
Bromptonville	$16,200.00
Contrecoeur	13,613.00
Campbells Bay	19,500.00
Dunham	11,678.00
East Broughton	16,035.70
Grenville	11,224.00
Herbertville	13,800.00
Lac au Saumon	14,000.00
Montebello	21,784.00
Rougemont	10,317.00
St. Thecle	14,966.00
St. Paul l'Ermite	13,483.50
St. Barthelemy	14,445.00
St. Hubert	15,552.00
Ste. Marguerite	11,700.00
St. Ambroise de Chicoutimi	13,800.00

3. Consideration is being given to a winter works program for 1959-60 for the construction of standard plan post offices.

4. Answered by No. 3.

APPLICANTS FOR EMPLOYMENT, 45 YEARS AND OVER

Question No. 238—**Mr. Rouleau:**

1. How many persons forty-five or more years of age are at present seeking employment in Canada?

2. How many of them are female applicants?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. In the week ended January 17, 1959 the estimated number of persons without jobs and seeking work, 45 years of age and over, was 143,000.

2. In the week ended January 17, 1959 the estimated number of females without jobs and seeking work, 45 years of age and over, was less than 10,000.

FARM LOAN APPLICATIONS, SASK.

Question No. 249—**Mr. Argue:**

1. How many applications for loans have been received by the Canadian farm loan board in each year since 1950 for persons giving their addresses in Saskatchewan as the following post offices: Killdeer, Wood Mountain, Rockglen, Scout Lake, Lisieux, Canopus, Strathallen?

2. How many loans have been made by the Canadian farm loan board in each year since 1950 to persons giving their addresses in Saskatchewan as the following post offices: Killdeer, Wood Mountain, Rockglen, Scout Lake, Lisieux, Canopus, Strathallen?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1 and 2. The Canadian farm loan board does not maintain records respecting applications and loans by municipalities as it does not require to do so for administrative purposes and the information requested is therefore not available.

HOUSE OF COMMONS

Thursday, March 12, 1959

The house met at 2.30 p.m.

STANDING ORDERS

MOTION FOR CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. J. W. Kucherepa (High Park) presented the second report of the standing committee on standing orders and moved that the report be concurred in.

Motion agreed to.

FINANCE

BANK OF CANADA—TABLING OF ANNUAL REPORT AND STATEMENT OF ACCOUNTS

Hon. Donald M. Fleming (Minister of Finance): May I inform the house that I have tabled a copy in English of the annual report and statement of accounts of the governor of the Bank of Canada to the Minister of Finance for the year 1958. Copies of this report in English are now available in the distribution office.

I had expected to have a copy of the report in French available for tabling at the same time, but I regret to say that there has been a little delay in that respect. I believe a copy in French will be available for tabling within the next 24 hours, and that copies will be available for distribution among hon. members within the next few days.

EXTERNAL AFFAIRS

SOUTHEAST ASIA—ANNOUNCEMENT OF CANADIAN AID PROGRAM

Hon. Donald M. Fleming (Minister of Finance): May I, in the absence through illness of the Secretary of State for External Affairs, make on his behalf an announcement concerning a Canadian aid program in southeast Asia. The announcement is being made simultaneously elsewhere.

For a number of years the United Nations commission for Asia and the Far East has been conducting a series of investigations and studies of the development possibilities of the lower Mekong river basin. The Mekong is one of the great rivers of the world. Its total length is about 2,600 miles, and its length in the lower basin is 1,600 miles. It actually rises in southern China but for most of its course it flows through or between Laos, Thailand, Cambodia and South Viet Nam. The economic health and the political stability and independence of these countries are in large measure related to this great river.

The development of the lower Mekong offers great economic benefits to the four riparian states and, indeed, to the region as a whole, in terms of flood control, irrigation, hydroelectric power and improved navigation. The realization of these benefits, however, is still many years away. Some preliminary planning and survey work has been done but further progress cannot be made without first obtaining more reliable and detailed data on the basin. The development possibilities are so encouraging that the United States, New Zealand, France, Japan and several agencies of the United Nations have already contributed men and resources to carry out these further investigations.

For our own part, while the bulk of Canada's aid under the Colombo plan has been and should be concentrated in commonwealth countries, the government considered that this project was sufficiently challenging and promised such great benefits as to warrant some Canadian participation in it. Moreover, the government was influenced by the fact that these benefits would go in substantial degree to countries with which Canada has been closely associated in recent years through our membership in the international supervisory commissions in Indo-China.

We therefore made available the services of Lieutenant Colonel G. S. Andrews, surveyor general of the department of lands and forests of the province of British Columbia, to make a detailed study of the problems and estimated costs involved in the aerial surveying and mapping of the Mekong river which, as hon. members will appreciate, is an essential first step toward the eventual realization of the potential benefits of this project.

On the basis of Colonel Andrews' report the Canadian government has now decided to participate in the first priority phase of the survey and mapping of the main stem of the Mekong river. This work, which Canadian companies are particularly well qualified to undertake, is expected to extend over two years and will involve an aggregate Canadian contribution of up to $1.3 million. It is the intention of the government to finance

this contribution from Colombo plan funds which parliament will be asked to appropriate in 1959-60 and 1960-61.

Hon. Paul Martin (Essex East): Mr. Speaker, yesterday we had an announcement by the Secretary of State for External Affairs regarding supplementary action in the matter of assistance to a particular underdeveloped country, and now the Minister of Finance on behalf of his colleague makes an announcement regarding assistance to a development project along the Mekong river which extends through Indo-China and, of course, through part of China itself.

The little country of Laos, with which Canada has had association through the international truce commission, based on the agreements of 1954 and concluded at Geneva, will receive assistance from Canada. The agreements are now to be given further emphasis by this additional assistance amounting to $1.3 million, which is part of our Colombo plan project. I am not aware from what the minister said whether this assistance will extend to the neighbouring country of Cambodia or to the larger neighbouring country of Viet Nam.

Mr. Fleming (Eglinton): Mr. Speaker, I mentioned the four countries; Laos, Thailand, Cambodia and South Viet Nam.

Mr. Martin (Essex East): I am sorry, Mr. Speaker; I misunderstood. That will be very welcome news in those areas. My hon. friend, however, did mention something that rather mystified me when he said that hitherto we had confined our assistance to south and southeast Asian countries that were in the commonwealth. I am sure that is not the case. We have given some assistance by way of bursaries and training projects to Indo-China and Burma. We have already given some assistance to Viet Nam, and we even anticipated the Soviet union in the assistance we gave for technical training assistance in Cambodia. However, that is not said by way of disagreement with this announcement of policy, which I am sure will be warmly welcomed.

Mr. Fleming (Eglinton): Mr. Speaker, perhaps the hon. member will permit me to correct him. I did not say that our assistance had been confined to those countries. I said it had been and should be concentrated in the commonwealth countries.

Mr. Martin (Essex East): I thank my hon. friend, Mr. Speaker. In any event the whole house will concur in the decision of the government in this respect, which is a further manifestation of Canada's interest in accordance with her capacity in the economic and social problems of underdeveloped countries, and in this instance in Asia.

We do this, I take it, as was always done before, without any conditions attached. We do this because we feel that at this difficult time in the history of the world those nations that are more fortunate than others must in accordance with capacity share in the building up of the standard of life of those countries, and in this way we make our contribution to the easing of international tension in our time.

Mr. Hazen Argue (Assiniboia): This is a welcome announcement. Any step forward in the provision of economic assistance to underdeveloped countries is something that will receive the support of this group. We hope this will foreshadow a general expansion in Canada's contribution to important programs for economic development in the world today. The strengthening of the economies of backward countries is most important to the western world, democracy and the millions of people in those areas.

ST. LAWRENCE SEAWAY

STATEMENT CONCERNING IMPOSITION OF TOLLS—TABLING OF NOTES

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to make a statement regarding the agreement reached between Canada and the United States on the tolls to be charged on the St. Lawrence seaway. With the concurrence of my colleague the Secretary of State for External Affairs, I now table copies in English and in French of the exchange of notes dated March 9, 1959, constituting an agreement between the Canadian and United States governments. The agreement makes provision for the division of the toll revenue, for the method of collection, for future minor amendments of the tariff and for the constitution of a joint tolls advisory board to hear complaints with respect to interpretation of the tariff or alleged unjust discrimination.

The tariff becomes effective from April 1, 1959. The whole concept of defraying the cost of construction and maintenance of the seaway, including the cost of deepening and maintaining the Welland canal as an integral part of the seaway by charging tolls, was provided for in the St. Lawrence Seaway Authority Act of 1951. This principle was fully debated at that time and passed without dissent by parliament.

The tariff of tolls agreed to has the same rates recommended by the tolls committees of the seaway entities on June 12, 1958. Some changes and clarifications have been made in the definitions of bulk and general cargoes.

The tariff of tolls is based on a composite assessment which encompasses a charge per ton of cargo actually carried together with a charge per gross registered ton of the vessel, and will be applicable to all vessels whether laden, partially laden or in ballast.

The method of assessing and collecting the tolls and rates was adopted with the following objectives: one, procedural simplicity which will minimize the cost of collection and expedite the dispatching of vessels; two, recovery of the cost of the seaway and its operation on a basis which will provide economic rates to users and encourage traffic.

The rates will be as follows: 1. A vessel will be assessed 6 cents per gross registered ton of the vessel and, in addition, 42 cents per ton of bulk cargo and 95 cents per ton of general cargo carried. 2. A vessel will be assessed 4 cents per gross registered ton of the vessel and, in addition, 40 cents per ton of bulk cargo and 90 cents per ton of general cargo carried. For partial transit of the new seaway facilities between Montreal and lake Ontario, where there are seven locks, the user will be charged for each lock transited 15 per cent of the toll for complete passage. 3. For each passage through the Welland canal only a vessel will be assessed 2 cents per gross registered ton of the vessel and, in addition, 2 cents per ton of bulk cargo and 5 cents per ton of general cargo carried. In the Welland canal a partial transit will be assessed 50 per cent of the toll for complete passage irrespective of the number of locks used.

Other main features of the agreement and tariff of tolls are: First of all, commercial vessels carrying passengers will be charged 50 cents per passenger for each lock transited between Montreal and lake Erie, in addition to the vessel and cargo charge. The charge for a complete transit of the seaway will be $7.50 per passenger. The tariff will apply to all types of craft using the seaway, including government owned or government operated vessels except vessels of or employed by the seaway entities. Pleasure craft will be subject to the same rates as other vessels except that there is a minimum charge for pleasure craft of $2 per lock transited. The minimum charge for all other vessels will be $4 per lock transited.

The unit of weight for the collection of tolls will be a ton of 2,000 pounds. Provision is made for prior registration of vessels and satisfactory security to be given for the payment of charges subsequent to which passage will be permitted. Toll collection and invoicing of accounts, as well as the preparation of statistical data, are assigned to the St. Lawrence seaway authority at Cornwall. The St. Lawrence seaway development corporation will participate in the billing and collecting operation and will share in the annual cost of these services. Charges will be billed to the ship owner or representative promptly and will be payable within 14 days of the date of billing. An additional charge for non-payment within this period may be levied in an amount not to exceed 5 per cent of the amount due.

For through passages to or from Montreal and lake Ontario the invoice will show two amounts to be paid; 1, Canadian funds to cover the portion applicable to the St. Lawrence seaway authority of Canada, which has been intially set at 71 per cent of the total charges, and 2, the balance of the account, or 29 per cent, in United States funds representing the portion applicable to the St. Lawrence seaway development corporation. Tolls for passage on the Welland canal will be paid in Canadian funds only.

Bulk cargo as defined in the tariff of tolls includes such goods as are loose or in mass and generally must be shovelled, pumped, blown, scooped or forked in the handling and, without limiting the generality of the term or otherwise affecting its meaning, it is deemed to include barley, buckwheat, corn, dried beans, dried peas, flaxseed, rapeseed and other seeds, flour, grain screenings, mill feed containing not more than 35 per cent of ingredients other than grain or grain products, oats, rye and wheat, loose or in sacks; cement, loose or in sacks; coke and petroleum coke, loose or in sacks; domestic package freight; liquids carried in ships' tanks; ores and minerals, loose or in sacks, including alumina, bauxite, coke, gravel, phosphate rock, sand, stone and sulphur; pig iron, scrap iron and scrap steel; pulpwood, poles and logs, loose or bundled; raw sugar, loose or in sacks; and wood pulp, loose or in bales. All commodities not included in the definition of "bulk" are classified as general cargo.

The agreement provides that the toll revenue for that portion of the seaway between Montreal and lake Ontario be shared proportionately to the annual charges of the two seaway entities. The agreement also permits, under appropriate procedure, changes in the list of goods defined as bulk cargo.

The joint tolls advisory board to be constituted will consist of four persons, two of whom shall be appointed by the St. Lawrence seaway authority and two by the St. Lawrence seaway development corporation. The board will hear complaints relating to the interpretation of the tariff by the authority or the corporation, or with respect to alleged unjust discrimination arising out of the

operation of the tariff, and report its findings and recommendations to the authority and the corporation.

The two seaway entities are charged with the duty of reporting to their respective governments not later than July 1, 1964 as to the sufficiency of the authorized tolls to meet the statutory requirements and to cause the tariff to be reviewed accordingly. Reviews of the tariff at other times may, of course, take place by decision of the two governments.

As hon. members know, this great inland waterway will become operative with the opening of the navigation season this year, and we have every reason to look forward to a material increase in the volume of shipping using these facilities. This should be of great assistance to the development of the commerce of this country as a whole, and should enable goods produced in Canada to become more competitive in world markets. We look forward to the whole economy of Canada benefiting with the opening of this great seaway project.

Hon. Lionel Chevrier (Laurier): For a moment, Mr. Speaker, I thought I was listening, particularly during the last part of the minister's remarks, to a speech made by myself. However, I am sure the house will welcome the statement the minister has made, because it will give notice to shippers and ship operators of the tariffs which the two corporations intend to charge in ample time for them to get ready for the opening, which we hope will bring that voluminous amount of traffic which the minister and others have stated.

There are two questions which came to my mind while listening to the statement. The minister stated there would be established a joint tolls advisory board, composed of two representatives from Canada and two representatives from the United States, to deal with the tariff of tolls. My first question is this. The minister will remember that last year when he made a similar announcement prior to the tolls being investigated by the two groups, I asked him whether the board of transport commissioners would have jurisdiction over these tolls. He replied that they would, in conformity with a section in the St. Lawrence seaway authority statute. My question is, why has this change been made?

Mr. Speaker: Perhaps the minister would defer his answer until we hear the hon. member for Kootenay West.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am sure the whole house has listened with great interest to this very important statement. However, I think everyone realizes that it takes time to digest a lengthy statement like this, and particularly the attached documents. I am not one who is given to making off the cuff endorsations or condemnations until I have had an opportunity of studying the situation. This represents the view of this group. We are unable to assess fully, from the information received, the impact of this agreement on the various sections of Canada or on certain industries, agricultural producers and so on. We will therefore have to reserve our objective and informed comments until a later date.

However, this is a two-party agreement, completed between the governments of Canada and the United States. We realize that in those circumstances we cannot have all we want if we are to reach a mutually satisfactory agreement. We do hope the government has done its very best in securing this agreement to protect the interests of all sections of Canada. We all know, I think, that the government has received representations from certain provincial governments in Canada, and possibly from some sections of industry, urging a toll free St. Lawrence seaway. I was pleased to note, while listening to the minister's statement, that there is provision in the agreement for consideration of complaints by persons concerned to the board authority. I do hope they take every advantage of that provision in the agreement to bring to the attention of the government the views of various industries, producers and users of the canal across Canada with the idea that as time proceeds the arrangements under this agreement will be satisfactory to all sections of the Canadian people.

In conclusion I want to mention that these requests which have come from various provinces and certain industries and producers in Canada for free tolls spring from the increasing costs of transportation in Canada at this time; that is their basis. I think the protests and the whole argument in support of free tolls are convincing evidence of the necessity of the establishment of a national transportation policy in Canada at the earliest possible date.

Mr. Hees: Mr. Speaker, in reply to the hon. member for Laurier, the answer to his question is that the joint advisory committee has been established because it is considered by the St. Lawrence seaway authority, the St. Lawrence seaway development corporation and the governments of the two countries that this will be the most efficient and fairest method of dealing with representations and complaints, if any arise, from shippers and other interested parties.

Mr. Chevrier: Then I take it that the board of transport commissioners will have no jurisdiction over the rates?

Mr. Hees: That is correct.

Mr. Chevrier: The other question is this. By what rules and regulations will the new United States-Canadian toll board determine whether a rate is unjust or discriminatory?

Mr. Hees: They will hear the complaints and make their recommendations, having so heard the complaints, to the two governments, and the governments will report back to them.

[*Later:*]

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Transport, notice of which has been sent to him. Can the minister comment on the view that rate differentials of 42 to 90 cents in the seaway tolls make it cheaper to ship iron ore from Seven Islands to Cleveland by way of the gulf of Mexico and rail than to send it by the St. Lawrence seaway?

Mr. Hees: I wish to thank the hon. member for having given me notice of his intention to ask this question. I am unaware what the specific rail and water rates may be from Seven Islands to Cleveland by way of the gulf of Mexico, but the toll committee in determining rates for bulk cargo, including iron ore, did take into account shipping rates by alternative routes, and concluded that the recommended rates via the seaway would be competitive for most traffic movements.

Mr. Chevrier: Mr. Speaker, I should like to direct a question to the Minister of Transport. In the issue of the Montreal *Gazette* of March 11, 1959, an article appears to the effect that the north Atlantic freight conference representing foreign lines sailing into the St. Lawrence and the great lakes intends to quote new ocean rates to Toronto which would be only slightly higher than those being charged to Montreal and, by inference, that the rates to Chicago would be only slightly higher than those being charged to Toronto.

In view of this intimation, is it the intention of the minister or of the government to bring these new ocean rates under the jurisdiction of the board of transport commissioners in the same manner and to the same extent as the railways and the Canadian water carriers are regulated?

Mr. Hees: I have read the report to which the hon. member has referred, and I have heard rumours of this possibility. My department is looking into this whole matter.

Mr. Chevrier: Will the minister make an announcement with regard to this matter at a later date?

Mr. Hees: Yes, as soon as we have been able to conclude our studies of the matter.

Mr. Fisher: Would the minister, while he is taking the question by the hon. member for Laurier into consideration, also extend his study to the question of chartered ocean shipping proceeding up to the lakehead and the rates that will be charged on these particular ships?

Mr. Hees: Yes, I shall be very glad to do so.

[*Later:*]

Mr. Chevrier: May I ask the Minister of Transport a further question which arises out of his statement on tolls. The board of transport commissioners has rules and regulations by means of which it determines what constitutes unjust freight rates with respect to railways. My question is this. How will the new joint board on tolls determine what constitutes an unjust rate in so far as shipments up the St. Lawrence and the great lakes are concerned?

Mr. Hees: Well, they have had some experience in this matter already. After the preliminary announcement was made last June with regard to the suggested toll structure, representations were made to both authorities, to the United States authority in Washington and to the Canadian authority here. They weighed these representations, met together and brought back recommendations to their governments. That is my understanding of the way they will operate.

ROYAL CANADIAN MOUNTED POLICE

LEGISLATION RESPECTING ORGANIZATION AND DISCIPLINE

Hon. E. D. Fulton (Minister of Justice) moved for leave to introduce Bill C-34, an act respecting the Royal Canadian Mounted Police.

Mr. Pickersgill: Explain.

Mr. Fulton: This is the first of two bills which were forecast in the speech from the throne. This bill deals with the organization and discipline of the force, and will be followed by a second bill dealing with Royal Canadian Mounted Police pension arrangements.

Motion agreed to and bill read the first time.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—HALTING OF R.C.M.P. REINFORCEMENTS TO ASSIST IN LABOUR DISPUTE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Justice if, as reported in the press, he stopped the transfer to Newfoundland of additional members of the R.C.M.P. requested by the attorney general of the province under section 13 of the intergovernmental agreement; and if so, on what grounds?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the answer to the hon. gentleman's question is that the authority of the Attorney General of Canada is required before any reinforcements are sent to any province, and the authority has not yet been given.

Mr. Pickersgill: May I ask a supplementary question. In view of the language of section 13, which says that Canada shall, at the request of the attorney general of the province addressed to the commissioner, increase the strength of the division as requested if, in the opinion of the Attorney General of Canada, having regard to other responsibilities and duties of the force, such increase is possible, would the minister say whether it is because the members of the force were not available that this request was not complied with?

Mr. Fulton: The matter is still under consideration, and I am not able to answer the hon. gentleman's question at this time.

Mr. Pickersgill: If I might ask a further supplementary question, does the hon. gentleman think he has any discretion other than to determine whether the number of police which have been requested is available, and can the minister tell us whether, as the press reports—

Some hon. Members: Order.

Mr. Pickersgill: —these men have already been assembled?

Mr. Speaker: I think the last question of the hon. member is really asking for an interpretation of a document. In other words the hon. member is asking for an opinion, and I doubt whether the question is a proper one to ask at this time.

Mr. Pickersgill: Mr. Speaker, on a point of order, it seems to me that this question relates to a solemn undertaking by the government of Canada to another government, and I should be permitted to ask the minister whether the government intends to carry out that solemn obligation.

[Mr. Fulton.]

Some hon. Members: Oh, oh.

Mr. Speaker: The hon. member has asked his question and the minister has answered to the effect that the determination has not yet been made. Does the minister wish to comment further on the subsequent question, in view of it having been asked?

Mr. Fulton: Only to say, Mr. Speaker, that the Minister of Justice requires no lecture from the hon. gentleman as to solemn obligations. The matter is under consideration, as I have already stated.

Mr. Pickersgill: Could I ask the minister if he has received any communication from the attorney general of the province?

Mr. Fulton: Yes, Mr. Speaker, I have, and I was in communication with him last night.

Mr. Pickersgill: Could I ask the Prime Minister if he has received any communication from the premier of the province about this matter, and if so would he indicate its nature to the house?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the close relationship between the government of Newfoundland and the hon. gentleman would no doubt provide an answer to his question.

BRIDGES

PRINCE ALBERT, SASK.—INQUIRY AS TO INCLUSION UNDER ACCESS ROADS

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, may I direct a question to the Minister of Northern Affairs and National Resources. In answer to a question of mine yesterday with regard to the Prince Albert bridge over the Saskatchewan river, the minister said it was built under the roads to resources program. Does that mean what are generally called access roads?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The roads to resources program, Mr. Speaker, has been explained in the house on several occasions. It covers the roads we are building in agreement with nine of the provinces to open up new resource areas in these various provinces.

Mr. Caron: A supplementary question. Are there any roads within or immediately outside Prince Albert in that program? What I mean is, in the program of roads are there any within the city of Prince Albert or in the immediate vicinity?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, the main project in the agreement in the

province of Saskatchewan is a road to Uranium City, of which the southern terminus is Prince Albert.

Mr. Caron: Another supplementary question. Does that road at the present time go any further than Lac la Ronge, which is 150 miles from the city of Prince Albert?

Mr. Hamilton (Qu'Appelle): I cannot give the house the exact mileage that the road has gone beyond Lac la Ronge, but I would say 30 or 40 miles at least. When the road is finished it will go 550 miles beyond.

Mr. Erhart Regier (Burnaby-Coquitlam): Might I ask the minister a further supplementary question. Is it not a fact that the only new road being built is from Lac la Ronge northward, and that Lac la Ronge is some 150 miles away from the city of Prince Albert? Therefore the bridge is not anywhere near this road the minister mentioned?

Mr. Hamilton (Qu'Appelle): I can inform the hon. member that there are several roads in this program in the province of Saskatchewan.

Mr. Caron: Could the minister tell me whether Prince Albert is in the Prime Minister's county?

Mr. Speaker: I suggest that the hon. member will find his answer in the appendix to *Hansard*.

TRADE

URANIUM—ALLEGED PURCHASE BY JAPAN FROM SOUTH AFRICA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to direct a question to the Minister of Trade and Commerce. If he has not the information available perhaps he would take this as notice. Is it true that Japan has purchased and taken delivery of six tons of uranium oxide from South Africa without a bilateral agreement having first been concluded between those two countries? If so, would this have any bearing on the government's policy that there must be a bilateral agreement before Canadian producers can sell uranium oxide in more than token quantities?

Hon. Gordon Churchill (Minister of Trade and Commerce): An alleged sale of uranium by South Africa to Japan has been suggested on several occasions during past months, but there does not appear to be any evidence to support this suggestion. However, I will look into this matter again having regard to the question asked by the hon. gentleman.

Inquiries of the Ministry

URANIUM—STATEMENT AS TO RENEWAL OF AGREEMENT WITH UNITED STATES

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on March 3 the Leader of the Opposition asked the Secretary of State for External Affairs a question concerning the renewal of the agreement between the United States and Canada for the supply of uranium.

The agreements to which reference was made are the commercial contracts between Eldorado Mining and Refining Limited and the United States atomic energy commission for the supply to the United States of Canadian produced uranium concentrates during the period from 1955 to March 31, 1962 or, in the case of a few mines, to March 31, 1963. These contracts grant the United States atomic energy commission an option to buy the production of the Canadian mines in question during the period between the completion of deliveries under the present contracts and December 31, 1966. The United States atomic energy commission has until March 31, 1961 to exercise these options.

In view of the great importance of this matter to the Canadian uranium industry officials of Eldorado Mining and Refining Limited have in recent months been urging the United States atomic energy commission to make an early declaration of its intentions with respect to the exercise of these options.

Hon. L. B. Pearson (Leader of the Opposition): I thank the minister for giving us this information. May I ask whether in view of the importance of this matter—an importance which the minister himself has just recognized—and of the fact that it involves something over $300 million this year in exports, the minister will take every possible step within his power to press for the resumption of this agreement by the taking up of the options.

Mr. Churchill: Oh, yes; every possible effort will be made in the course of the next few months.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): May I direct a question to the Minister of Finance. Without necessarily pinpointing the date, would it be possible for the minister to indicate the probabilities of having the budget brought in either before or after the Easter parliamentary recess?

Hon. Donald M. Fleming (Minister of Finance): It is not our intention to introduce the budget prior to the Easter recess, but it

is expected that it will be presented soon after the Easter recess. I will endeavour to make an announcement of the date of the budget if possible before the house concludes its sittings prior to the Easter recess.

DOMINION-PROVINCIAL CONFERENCE

REPORTED STATEMENT BY PREMIER FROST RESPECTING EARLY RESUMPTION

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Finance if he can make any comment on the statement attributed to Premier Frost in this morning's *Globe and Mail*—a statement alleged to have been made in the Ontario legislature yesterday—that he was satisfied that as the result of steps now being taken we could look forward to a resumption of the dominion-provincial conference at a fairly early date?

Hon. Donald M. Fleming (Minister of Finance): I have not seen the report to which the hon. gentleman alludes, but I presume some reference was made to the fact that steps are under way to bring together provincial treasurers or the ministers of finance of the provinces and the Minister of Finance of the federal government after the preliminary discussions which are now proceeding have advanced to the point where such a meeting can be held.

This was all outlined earlier in the session. If the hon. gentleman has forgotten, may I refer him to the answer I gave him and his leader in reply to just such questions on the evening of February 9. An official of the Department of Finance, Mr. Burns, at the present time is visiting the provincial capitals of western Canada conferring with officials of the departments of finance of those provinces, and on his return from the west he will be visiting the provincial governments in central Canada and in the Atlantic area with a view to making arrangements in relation to the meeting and its agenda.

Mr. Martin (Essex East): May I ask the minister whether, in view of the fact that Premier Frost is likely to suggest that there would be a dissolution of the Ontario house before June, the minister thinks there is any possibility of this conference taking place before the provincial elections are held this summer?

Mr. Fleming (Eglinton): I hope my dear and honourable friend has a little better success with his information in this respect than he had with the Martin bureau of statistics.

[Mr. Fleming (Eglinton).]

AGRICULTURE

POULTRY—INQUIRY AS TO IMPORTS FROM UNITED STATES

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Could the minister inform the house whether poultry products and especially turkeys are still being imported from the United States?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, although I have not checked on the matter recently and am not certain in this respect I think there are some broiler chickens still coming in from the United States. I believe that is the case. As far as turkeys are concerned, no import permits have been issued in the past few weeks as far as I am aware.

LABOUR CONDITIONS

NEWFOUNDLAND—INQUIRY AS TO GOVERNMENT ACTION ON LEGISLATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to ask a question of the Minister of Justice. Has the minister yet received the official copy of the Newfoundland legislation? If so, what study is the government giving to the question of disallowing this legislation?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I was informed last night that two copies had been put in the mail by the attorney general of Newfoundland. I have not yet seen them in my office. It may be that these are the official copies requested, and if so they will be placed before the cabinet immediately.

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the minister from Newfoundland if he has received a telegram or other communication from the mayor of Bell Island asking his assistance in preventing the impending lay-off of about one-third of the working force in the iron mines there and, if so, what action he proposes to take.

Hon. W. J. Browne (Minister without Portfolio): Mr. Speaker, I have received such a telegram, which I have shown to the Minister of Mines and Technical Surveys. Both he and I propose talking to the vice president of the company regarding a possible solution to the problem.

CANADIAN BROADCASTING CORPORATION

MEMBER FOR ROBERVAL—APPEARANCE ON TELEVISION MARCH 10

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Can the minister tell us if it was the C.B.C. authorities who invited the hon. member for Roberval to appear on a televised news program on channel 2 on March 10 last at 11 p.m. to explain the vote abstention of several Conservative members from Quebec on the trans-Canada highway legislation? If so, would the minister be kind enough to inform us if opposition members could hope to appear on similar programs to comment on what takes place in this house?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am sure there are members of the opposition who, provided they are photogenic and have a reasonable degree of intelligence and a relatively well-modulated voice, would be welcome for successful programming on the C.B.C.

SUPPLY

The house in committee of supply, Mr. Sevigny in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION—

Indian Affairs Branch—

56. Administration, $680,907.

Mr. Howard: Mr. Chairman, the other evening I was dealing briefly with the question of the education of our native Indian people. I attempted to point out in a brief way that for many years we have fallen far behind in promoting adequate education for these people. I think it is time we moved as quickly as we possibly can to expand educational facilities and opportunities for the Indians of Canada. My position for some years has been that we should transfer the education of Indians to the jurisdiction of the provinces or those who would accept this responsibility.

Mr. Chairman, there appears to be an inordinate amount of noise in the committee at the moment, and I shall wait until it subsides before continuing.

It has been my thought for a long time that we should persuade the provinces to accept the responsibility of the education of our Indian people with payments being made from the federal treasury to assist in the cost of providing that education.

Last session I had occasion to mention the salary structure of teachers. I suggested that the Indian affairs branch does not pay sufficiently high salaries to its teachers and therefore is not able to compete with other schools throughout the country for the most able teachers. I have some figures with respect to salaries paid to teachers in British Columbia, and I should like to compare them in a general way with the salaries paid to teachers who work under the Indian affairs branch. The schedule I have is the Department of Citizenship and Immigration schedule of salaries for 1958, and I do not know if it is still in effect.

I observe that the minister shakes her head in the negative. If there is an additional schedule then I can dispense with my remarks on this subject for the time being. I wonder if the minister at a later stage in this discussion could place on the record or have printed as an appendix to *Hansard* the present salary schedule for teachers in the Indian affairs branch.

Mrs. Fairclough: Mr. Chairman, if I have permission of the committee to do so I shall be glad to place that schedule on *Hansard*.

The Chairman: Is it the wish of the committee to give the minister consent to place this information on the record?

Some hon. Members: Agreed.

Mr. Howard: It is kind of the minister to do this and I appreciate her co-operation. I may have some remarks to make on this subject at a later stage, depending on the information contained in the schedule.

In her opening remarks the other day the minister made reference to the question of increasing the welfare relief payments, especially with respect to moving in the direction of cash payments rather than giving food allowances. The information was set out in a table and at page 1665 of *Hansard* the minister is reported as saying:

> At the same time new scales of food allowances in terms of dollar value have been authorized—

I wonder if the minister would make available to us the new scales so we may relate them to the food allowances previously in effect under which so many pounds of beans, peas and flour were listed. Is that information available?

Mrs. Fairclough: That practice has been discontinued.

Mr. Howard: I did not know whether the minister was still going to use both or go directly into cash payments. I am sure that will be helpful. However, I do find that in the scale that was placed on *Hansard* the standard rates of $22 for a single adult and $15 for each additional adult or child over

12 years of age and $12 for each child under 12 are not very much different from the maximum amounts authorized before, with the exception of the increase from $18 to $22 per month for the adult. Columns A, B, C and D indicate that additional rates may be payable, depending upon high cost areas and special circumstances.

I hope the minister will not make too many payments under the standard rates, because these are disgracefully low. I hope she will keep her thinking in terms of the necessity of providing cash relief to indigent Indians. I hope she will keep in mind schedule D, let us say, rather than the others. Even so, in my opinion these rates are still not comparable to any marked degree with relief payments made to non-Indian people.

I obtained the information I have here over the telephone this morning from the research branch of the Department of National Health and Welfare. This information is supposed to have been published in the Ontario *Gazette* on June 1, 1957. It relates to payments made in unorganized territory in the province of Ontario and lists maximum amounts of relief payments. If one makes brief reference to this he finds that these maximum amounts paid are in excess of maximum amounts allowable under the new, revised scale which the minister provided us with on March 5. The maximum is $120 a month to the head of a family with one dependant. I will not give the rest of them, but they move upward from there, depending on the number of dependants, to a maximum of $180 a month in relief payments to people in unorganized territory in the province of Ontario.

So far as I have been able to find out these maximum payments include payments which could be made for special diets, for medical—

Mrs. Fairclough: Mr. Chairman, I am sure the hon. member does not want to prolong the discussion when he is obviously on the wrong tack. The amounts he has described which are paid by the several welfare agencies include all manner of things.

Mr. Howard: That is what I was saying. These maximum payments which I have listed from Ontario take into account such questions as special diets, and so on. I had got that far when the minister interrupted. They include medical supplies, household sundries, shelter, fuel and so on. I was not trying to leave the impression that they were exactly comparable. What I am trying to point out is that $38 per month for a single adult is still, in my opinion, not sufficient, depending on the circumstances of the case.

I would rather see a larger maximum allowable, to take into account particular circumstances.

I should like to raise one other matter. It has to do with our general attitude toward Indians, which I hope will change as we progress. Generally we in Canada look with abhorrence upon racial discrimination which exists in other parts of the world. We decry the attitude that exists in certain sections of the United States toward its negro population. We view with distaste the approach of apartheid in certain parts of the world such as Africa. Generally we pride ourselves on being free from discrimination in Canada, and we say that other countries certainly are not as far advanced in racial equality as we are.

I do not think we should pride ourselves too much on that, because there still exists in a number of places in Canada, consciously or otherwise, an attitude of discrimination against native Canadian peoples in terms of providing them with employment and accommodation in hotels and things of that nature. I know we cannot legislate, though we have tried it in some provinces in Canada, to make that type of discrimination illegal, because it is an attitude of mind on the part of one group as against another. I only express the hope that in the future we shall think more in terms of an attitude of equality toward our native Indian people, far more so than we have done in the past.

I should like to deal with one other specific item. Inasmuch as we shall be establishing a joint committee of this house and the other place shortly—at least I hope it will be shortly—there will be ample opportunity to go in the fullest possible detail into the problems of our native Indian peoples, and I hope we shall find some solutions to them. Therefore my remarks will be rather general and brief on this occasion.

There is a question affecting our native Indian peoples, namely the question of liquor as it relates to the native Indian, that I should like to deal with. On March 4 there was a news item in the Vancouver *Province* which apparently arose out of a letter that a Mr. Andy Paull from Vancouver had sent to the minister, asking that native Indians there be given the right to buy liquor in liquor stores and also packaged goods—they are called that—in liquor stores and take them home. The announcement of the attorney general of British Columbia was to the effect that the first move, in so far as liquor rights for Indians were concerned, was entirely up to the Indians themselves.

I suppose in the strict and narrow sense, without taking into account the full provisions of the Indian Act in so far as liquor

is concerned, the attorney general was correct. But I think someone should either bring him up to date on what the law of this country is, or he should go back to law school for a little while to find out what is in the Indian Act; because the attitude of the attorney general in that province is not conducive to providing equality of opportunity for our native Indian peoples.

He says that in the first instance it is up to the Indians themselves. I would point out the ridiculous situation which would exist if Indian band councils were to take advantage of a section of the Indian Act having to do with the right to have liquor on the Indian reserves without having the right to be in possession of liquor in other parts of the province. An Indian band council could do this under a section of the Indian Act. If they took that action and the attorney general of British Columbia, or the attorney general of any other province, did not object within 60 days; if they had a referendum and the reserve decided that they wanted the right to consume liquor on the reserve, we would find that they would be in the ridiculous position of having the right to consume liquor on the reserve but no right to buy it or to keep it there. They would have the right to drink in a beer parlour, as they have in British Columbia, but they could not buy a case of beer in a beer parlour and take it home on the reserve, where they could have the right to have it if they were to follow the suggestion of the attorney general.

So far as British Columbia and the other provinces are concerned, the matter rests squarely on the shoulders of the provincial governments from the point of view of taking the initiative. Certainly Indian band councils could take the initiative but, as I am sure the minister realizes, that would merely promote a chaotic situation.

Our liquor laws as they relate to Indians are a bit foolish. We hear the comment that Indian people cannot handle their liquor, that they do all sorts of wild things when they have access to liquor, and therefore we should not allow them to have it or, if we do, only under strict conditions. It is quite true that when a native Indian gets a little too much of the corn under his belt he becomes drunk, obnoxious, loud-mouthed, sloppy, argumentative and wants to fight. It is quite true that is what happens to the native Indian; in fact he is almost as bad as the white man who does the same thing. There is no difference.

I should like to point out the ridiculousness of our liquor laws as they apply to native Indians. Depending on who and where he is, it is all right for a native Indian to drink liquor. I do not wish to speak in any derogatory sense at all, but I should like to make reference to His Excellency the Governor General. He was in Prince Rupert on October 21 and 22, 1952, and held a reception at which liquor was served. Native Indian people of the province of British Columbia were invited to the reception and some of them came. One of them was Frank Calder, at that time a member of the legislature. Another was Ed Bolton from Port Essington, a member of the Indian advisory committee of British Columbia. These gentlemen, both native Indians, both members of Indian bands, went to the reception and imbibed liquor there. Thereby they broke the law, the Governor General broke the law, and the Royal Canadian Mounted Police, Canada's finest, were there and did not enforce the law.

The Chairman: Order. I must ask the hon. member to refrain from mentioning that His Excellency the Governor General has broken the law. In fact I must ask that he withdraw those remarks.

Mr. Winch: Even though he did.

The Chairman: I must also ask the hon. member for Vancouver East to withdraw that remark, and I must advise hon. members that the next reference of this kind concerning His Excellency the Governor General will be treated quite severely by the Chair.

Mr. Howard: I said initially that I did not want to say anything in a derogatory way. I realize it is a rule of the house that I cannot cast reflections upon His Excellency. I did not intend to do so, and I am not.

An hon. Member: Withdraw.

The Chairman: The statement was made by the hon. member for Skeena that His Excellency the Governor General had broken the law. I must ask him to withdraw that statement.

Mr. Howard: Well, I will, Mr. Chairman. That is what I intended to do earlier in my remarks, and I thought I had. The unfortunate part is that two native Indian people whom I know very well, two members of Indian bands, restricted by the laws of Canada and the laws of the province, broke the law by imbibing at a certain reception; and while the law enforcement officers of the crown, the Royal Canadian Mounted Police, were there they did not, for obvious reasons, take any steps to make any arrests.

In the past Frank Calder, by reason of the position he then held as a member of the legislature, was invited to a number of receptions. He was an Indian, a member of a band and prohibited from drinking liquor, but he was invited to a number of receptions and he went. The R.C.M.P. were there and they did not interfere in any way. Yet Frank Calder broke the law respecting liquor rights as much as it was possible to break the law. I do not blame him one bit; I would do the same thing myself if I were in his position. Again, not only at the reception I have mentioned but at every session of the provincial legislature Frank Calder was invited to a reception by the lieutenant governor of the province.

There is another awkward relationship involving a native Indian and the liquor laws. It has to do with a gentleman who is a member of the other place. Because of his background, because of his race, because of the position he holds, no doubt he has been invited to many receptions in the past at which liquor was served and undoubtedly he will be invited to similar receptions in the future. As the situation stands now, having regard to the province of Ontario only, if that hon. gentleman as a member of the other house accepts an invitation to such a reception he is in order. He is not contravening the law.

The Chairman: The hon. member cannot refer to the actions of a member of the other place in the present fashion. Furthermore, all references concerning various guests whom the lieutenant governors of the various provinces may wish to have at their receptions are quite out of order. Furthermore, we cannot refer in this house to actions of lieutenant governors or matters affecting provincial legislatures.

Mr. Pickersgill: Mr. Chairman, if I may raise a point of order, I quite agree with and I am not protesting what Your Honour has said about lieutenant governors and the Governor General, but surely when because of his race the hon. member for Skeena referred to a person who happens to be in the other place he was simply illustrating a point with respect to Indians, and was not discussing that gentleman's conduct in the other place or any speech he has made or anything he has done as a member of the other place. He was discussing the fact that an Indian was a member of the other place and was subject to additional embarrassment for that reason. It seems to me that it would be very restrictive indeed to our liberties in discussing the administration of the Indian Act if Your Honour were to insist upon so narrow an interpretation.

Mr. Winch: The government is very touchy on this subject.

Mr. Howard: As the hon. member for Bonavista-Twillingate has pointed out, it is not my intention to embarrass anyone but merely to attempt to show the foolishness of our liquor laws as they apply to some people in Canada. However, I can say that a few years ago I deliberately invited a native Indian into my home, an Indian who was a member of a band and prohibited by law from consuming liquor in any other place except a licensed beer parlour or cocktail bar. Incidentally, Indians cannot get into the cocktail bars because of the discriminatory attitude of their operators. I invited this Indian into my home and offered him a drink. I mentioned to the R.C.M.P. beforehand what I was going to do and I was told not to worry, that they would not do anything about it. That again shows the ridiculousness of our liquor legislation. All I am trying to point at this time is that the situation is screwy, and that some action should be taken immediately.

Mr. McDonald (Hamilton South): You were trying to get someone into trouble.

Mr. Howard: I was trying, my friend says, to get somebody in trouble; that is about the extent of his knowledge of this situation. I am here to point out the necessity for an attitude of equality toward the people of this country whether their skins be coloured the same as yours or differently; whether they happen to have been born of parents who were in this country many years before my parents were in this country, or under any other circumstance.

I point out that our attitude toward these people is not one of equality but one of discrimination. This is another phase of it, and the problem rests squarely on the shoulders of the province. I know the Indian Act has been amended, in effect, to remove as much as possible the jurisdiction of the minister with regard to the liquor question as it relates to Indians. This problem has been pushed where it belongs, under the jurisdiction of the various provincial governments. I am complaining that they are at fault in not working in the direction in which they should be working. There is one province, Ontario, which is far advanced in so far as the question of liquor is concerned, and I wish to heaven the other provinces would follow suit.

Mr. Badanai: I was glad, Mr. Chairman, last week to hear the minister say that it is the government's intention to see that the Indian population receive greater consideration. I understand that the department

of Indian affairs is conducting an experimental program in Manitoba which has to do with the rehabilitation of Indians who have been disabled by tuberculosis. This is a very commendable beginning, but it should not be limited to Manitoba. We have similar cases in the district of Thunder bay. It seems to me that Indians who have spent several months or years in a sanatorium should be helped, no matter where they live.

I suggest that Fort William or Port Arthur could be considered as an ideal centre for the establishment of a rehabilitation centre in one of the lakehead hospitals, preferably in one of the wings of the Fort William district sanatorium. Young men and women could be trained as orderlies or nurses' aides. These Indians could be taught some trades to enable them to become useful citizens, and at the same time give them a feeling that they are part of the community and enjoying equality of treatment, which I believe should be the answer for all Indian problems.

Another great need is adequate recreational facilities. The problem of unemployment is greater for the Indians than for the rest of the population because of their isolation. This makes constructive recreational outlets doubly important, as the young people tend to drift around and get into trouble. A few years ago, as a result of the generosity of the president of Canadian National Railways and a few people in Fort William, a small building was made available for recreational purposes. This has helped to some extent. However, the lack of proper direction and adequate assistance has limited its usefulness. Here is a place where the government can really do something which would not cost a great deal.

It is rather regrettable, but the Indians still do not have the full benefit of all the services provided by the Ontario government that other people enjoy. An example of this may be found in the matter of mothers' allowances. I submit that while the public welfare authorities may be experiencing certain difficulties in extending their services to Indians, and while a certain amount of time will be required to achieve a smoothly functioning procedure, this should not prevent them from receiving the full benefit of all our welfare services.

At the present time when an Indian family is destitute the amount of assistance it receives from the department is much below that which would be required for even a minimum standard of subsistence. If the act were amended so that a reserve would be regarded as a municipality for such welfare purposes, with the department of Indian affairs assuming the responsibility together with the band and the province providing its usual share of 40 per cent of the cost as is the case with municipalities, the difficulties would vanish.

During a recent visit to my constituency I attended a meeting of the local Indian band, which is the Ojibway tribe. Their chief, Frank Pelletier, welcomed me to their reservation school and outlined some of their needs and grievances. He felt that there was a need for higher education. He deplored the neglect in the past, but hoped that the coming generation might obtain an education which would enable the Indian to stand on his own feet in a competitive world.

The next most important need is housing. The Indians do not have the funds to decently house their growing population. Some houses which were constructed a few years ago were poorly built; they were too low; they sagged, and the doors and windows stuck. Here, surely, was a case of total indifference and a definite lack of good workmanship. They do not ask for ultra-modern buildings, but something good and solid.

These Indians certainly complained about not having a vote in federal elections. This indeed seems to be a paradox. They can vote for a provincial member but they are not allowed to vote for a federal member when, in reality, it is the federal government which has jurisdiction over their affairs.

The majority of the men are employed cutting pulpwood, but their limits are almost exhausted and within two or three years this source of livelihood will be gone unless the government provides some new limits. There are several islands in the district with good stands of timber which would be ideal for their purpose. Some time ago some individual from the department of Indian affairs made a survey, but nothing has been heard of the outcome. There seems to be a lack of co-operation, if not total neglect, on the part of the department of Indian affairs in Ottawa.

In so far as education is concerned, the elementary schools are well conducted and presided over by competent teachers. One of them, Mrs. Mary Duggan, attended the meeting. She made the suggestion that in order to prepare pupils to absorb a higher education they should be given some vocational training, such as carpentry for the boys and sewing for the girls. The department should look into the matter, since it would not cost much to set up a couple of rooms in the basement of one of the schools and have someone supervise at least a limited vocational training program.

All the pupils capable of absorbing education wishing to attend high school in the city should be provided with transportation. A small bus or even a station wagon would

probably meet the requirements of those on the reservation. One father whose family lives in the reserve at Squaw bay, which is approximately seven miles from the nearest high school, has three children who wish to go to high school, but there is no means of transportation. That is just a case in point. Some 12 children do attend high school in the city, and they walk two miles to the nearest city bus line. Road conditions within the reservation are also poor and this matter came in for a lot of criticism from the gathering. Only $6,000 had been appropriated for road work in three reservations, which means that only a bit of patchwork on each can be expected.

The Fort William reservations own mount MacKay, which is about 900 feet above the level of lake Superior, at the back of which the Fort William watershed is located. That is a lake known as loch Lomond, which is seven miles long and about half a mile wide, from which lake our city gets its water. I might add that it is the purest water on the continent, flowing by gravity through a tunnel on the mountainside and piped to the city. It is so pure that it needs no distilling for any purpose. The purity and taste of this water have been favourably compared with the water flowing from the summit of mount Ben Nevis, which is the highest peak in the British isles, in Fort William, Scotland. There is a road leading up around the ledge of the mountain some 600 feet high, at the end of which there is a chapel and also a cross erected in memory of the Indian soldiers who fought and died in the first great war. This side of the mountain could be beautified, and with a good road would become one of the major tourist attractions of the lakehead. I believe the department should look into this feature as a means of revenue for the Indians of the local reserve.

Another question which is worthy of consideration is the status of the Indian in relation to our liquor laws. Our Indians are asking for the same privileges enjoyed by other people. It is rather a shame that an honest, civilized human being, because he is one of the original Canadians, upon entering a beverage room is faced with a large sign which reads, "Anyone caught serving an Indian will be prosecuted". Such is not the treatment that the forebears of our present Indians were promised when they all too trustingly agreed to let the white man take over most of their possessions. How can we speak of bills of rights when we are condoning such an injustice? In the event of war these men would be in the armed services. Many of them have served with distinction in both world wars, yet they are faced with the worst type of discrimination. Let us have equal privileges for equal responsibilities. This glorious country of Canada cannot and should not have two classes of citizens. To quote the Indian chief of our tribe himself at this particular meeting, he said:

> There is good and bad among all classes of men, but the majority of my people are law abiding and should be recognized as such.

Now I wish to quote from an editorial which appeared in the *Globe and Mail* in late February of 1959 and which contains a few paragraphs of an address delivered by Professor W. J. Morris of the University of Toronto:

> Across the country, he said, Indians constitute the most economically depressed segment of our population. A once proud and noble people showed a high degree of co-operation toward the encroaching whites; and as their inheritance they are "tossed from municipal to provincial to dominion governments like the proverbial football".
>
> He recalls that for decades there was a pitiful lack of educational facilities on reserves, and those that existed were furnished by the churches. These and welfare conditions have improved, but Indians forced off the reserves "by threat of starvation" find no comparable services among whites. For our 111,000 Eskimo, said Professor Morris, we spend more than twice as much as we do for 173,000 Indians. "This in itself is second class citizenship." And we need only recall recent testimony of Eskimo hardship to visualize the lot of the Indians.
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> With "our first real Indian act" dating only from 1951, Professor Morris says we have "operated on a hit and miss basis"; and among his suggestions is research both economic and in the area of inter-personal relations, together with inter-government co-operation at all levels to utilize voluntary resources. "We have for long enough refused to accept any measure of responsibility as individuals for what is in effect the sorest blight on our Canadian conscience."
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> Those are important words. Two centuries of official bungling and evasion of a great human problem are in the last analysis a reproach on the monumental indifference of the Canadian people. It will in turn be their pressure which will give Indians their rightful heritage of first class citizenship.

As a matter of fact, the press of the country appears to be unanimous in its estimate of the situation. After 200 years since the royal proclamation, which said that no Indian could be dispossessed of his land without the crown's consent, this charter signed in 1763 being a guarantee of equality, these promises have not been fulfilled according to its terms.

I have a copy of another editorial which appeared in the Calgary *Herald*, which further illustrates, if more illustrations are needed, that the plight of the Indian is a question which concerns all Canadians. I quote:

> Canadians are quick to offer advice and gratuitous opinions on racial problems in other countries. Yet Canadians are part of what might be called an unintentional conspiracy to keep the Indians as second class citizens. Canada's record with the native Indian population has some items of merit

to its credit over the years. Unfortunately we have only to look at the Indian population to realize that an entirely new approach is needed, and should be speeded to suit modern conditions.

Mr. Chairman, this is undoubtedly an accurate appraisal of the present status of our Indian population. I do not wish to cast any aspersions, or blame this or any former government. I simply express a belief and desire on the part of the great majority of the Canadian people that the time has arrived for the government of Canada to translate good intentions into a practical reality. I respectfully submit that the question of helping our Indian population is an urgent one and should be dealt with during this session of parliament.

Mr. Hardie: First of all, may I say that I am wondering why the hon. member for Skeena spent so much of his time dealing with the question of liquor for Indians. I think the big problem which faces the Indian today is the opportunity to earn enough money to make a living so that in the long run he may have enough money left to buy his liquor after he gets his permit.

With regard to what he said about the difficulty experienced by an hon. member in the other place, I personally think that the hon. senator should apply for enfranchisement if he wants to drink liquor. All he needs to do under the terms of the Indian Act is to apply for enfranchisement.

I wish to express my appreciation today for the consideration which the minister has given to the question of destitute rations and to the problem of housing. In past years, as the hon. lady knows, I have been very critical of the meagre rations distributed to Indians who are destitute or who have returned to their homes from tuberculosis hospitals after being cured of T.B. The minister has given us the details with regard to destitute rations, and I wonder if she would be good enough, when she replies, to give us similar details with regard to rehabilitation rations, in particular those rations which are given to people who have returned from tuberculosis hospitals.

In each of the past five years the amount set aside in the estimates for providing Indians with housing, at least in my part of the country, has increased. However, I do not think it has increased at the rate it should have increased if we really intend to impress upon the Indians that we are conscientiously and seriously concerned about their living standards. I think we could well increase a great deal more those estimates, particularly where they concern the Northwest Territories.

I was happy to see that some attention has been paid to the economic development of native Indians. If I understood correctly the minister's statement the other day, it was to the effect that a new division would be established within her department in order to deal with the economic aspect of the development of our Indian people. I am wondering, however, if this new division will have any jurisdiction in the Northwest Territories, and I say this because I heard recently that the Department of Northern Affairs and National Resources has carried out a reorganization of their department and have set up a new division in that department known as the welfare division. I understood the minister of northern affairs to say that this new division in his department would look after not only the welfare of Eskimos, as it has done for many years, but also the welfare of Indians, white people and all others in the Northwest Territories.

I notice also that a new section of the department of Northern Affairs and National Resources was set up this year, namely the industrial section. This section involves, I imagine, a duplication of what the department of Indian affairs has done in setting up its new economic development section. I hope the minister will be able to clear up this matter when she replies, and say whether her department will have jurisdiction with regard to the welfare and economic development of Indians in the Northwest Territories or whether this work will be the responsibility of the department of northern affairs.

I wish also at this time to express my appreciation of the very fine work done by the officers of the hon. lady's department in my riding. In recent years we have found these officers coming into my riding in greater numbers, and we are thankful for that, and I am confident they are all very interested in the native people and anxious to bring about changes which would make it possible for Indians to realize a standard of living which could be compared, at least to some extent, with our own. I should like to make a suggestion to the minister with regard to the economic development of our Indian people.

As the minister knows, we have Indian agencies in the Northwest Territories at Yellowknife, at Smith, in Norman and Aklavik, Hay River and Simpson. Each of these agents has to cover a very large area if they are to get into close contact with the natives and understand the problems of the communities over which they have jurisdiction. I wish to suggest to the minister that the department should hire works foremen—let us call them that—in every settlement in the Northwest Territories where there is an Indian population. The duty of these work foremen would be to guide and give leadership to the Indian people in their economic

development. The people appointed should be men who know the conditions in the north, people who have lived in these communities, not someone who has just come out of the University of Toronto with a degree in welfare. The people I have in mind should be practical men who have lived with the Indians and who are interested in doing something to improve their conditions.

A further suggestion I have to make concerns co-operation between the Indians and the works foreman. I think any Indian agent would agree that in my part of the country, at least, the co-operation of the Indian chief of each particular band and settlement is very necessary if the government hopes to "sell" to the Indians a policy designed to raise their living standards and help them advance from their present static condition. The co-operation of the chiefs is very necessary in most cases if the government is to be successful in bringing the Indians out of the depths of poverty. I understand that in some parts of Canada the chiefs have not the same influence over their tribes as they had many years ago. But in the Northwest Territories they still have great influence over their people, and I suggest to the minister that her department should pay the chiefs some sort of salary for working in co-operation with the works foremen to which I have referred and helping to convince his people of the benefits of government policy in the field of economic development.

I also think that in every community there should be provided a tractor with a blade, a sawmill and a powered scow. I will go into this matter in somewhat more detail, pointing out what I think each of these pieces of equipment will or can do in order to help the Indian to place himself in a position where he can at least make a living like any other person in Canada.

At this time I would like to deal with the Great Slave lake area in particular. There are many communities centred around this lake including Yellowknife, Rae, Hay River, Fort Resolution, Rocher River and Snowdrift. Great Slave lake is considered to be the world's greatest source of whitefish and trout but on this lake you see only a handful of Indians working in the industry of commercial fishing. In my opinion many more of these people could be employed in this industry but you cannot say to an Indian, "Here you have this lake; the fish buyers are here so go out and fish." Any commercial fisherman must have a considerable amount of equipment. I suggest to the department that it should set up some sort of loan fund for Indians all around the lake including those people at Fort Providence and Fort Simpson who every fall go up the Mackenzie river into the lake to do their domestic fishing under which a loan plan could be established. In other words these people could borrow money to equip themselves under the guidance of the works foreman to whom I previously made reference and establish themselves in the profitable business of commercial fishing on Great Slave lake.

Another thing that would be of assistance would be to have the department request the Department of Fisheries to conduct surveys to investigate the various inland lakes such as Lac la Marte to establish whether or not they are suitable for commercial fishing. If, for instance, Lac la Marte was found to be suitable for this purpose a number of our Indian people in the area around Rae, Lac la Marte and Hislop lake could be profitably employed in commercial fishing. I urge the department to take some steps toward supplying these people with guidance and equipment to encourage them to become engaged in useful projects of this type.

A few moments ago I said that every settlement in the district should be supplied with a tractor and other equipment. I appreciate that the first question that will be asked is: What will the Indians do with this equipment? In the Northwest Territories we have vocational training schools. Here the Indians are trained as operators of tractors and other equipment. These trained operators could be used during the early winter before the snow became too deep in hauling out logs cut by other Indians in the bush to supply the people in the area with material for proper housing for themselves. At the present time they tend to construct clapboard or plywood homes under a contract basis. I believe the Indians should be encouraged to haul out their own logs from the bush and build suitable homes for themselves.

The sawmill could square the logs and it could be operated by our native people under direction and guidance. There is no reason why one or two Indians from each settlement could not be trained in sawmill work at the vocational schools.

I also urge that a powered scow be provided at each settlement. Any person who has lived among Indians or dealt with them is aware that when winter comes they are faced with the problem of heating their homes. These people usually live for today with no real thought for tomorrow or the future and so their homes are heated from day to day as it were. If a scow were provided it could mean that those Indians who were unable to obtain salaried employment during the summer months could work in the bush cutting wood and transporting it to the settlements to provide themselves with a supply of firewood for the winter, and also

they could sell wood to those Indians who were gainfully employed on a payroll.

There are other things that could be done. Possibly some land clearing equipment could be provided in areas where there is land suitable for growing vegetables. The men could work the equipment and the women could look after the seeding and weeding and assist with the crops.

At this point I cannot resist telling the committee about a trip I took down the Mackenzie river in 1954 with the then minister of northern affairs and national resources. It was his first trip north after his appointment and of course at every place we visited the civil servants shined up the brass and showed us all the nice things in the north. We eventually arrived at Fort McPherson and were given a wonderful dinner. When we left the dining room the local school teacher invited the minister, the deputy minister and others including myself to see the garden project. We discovered six or seven Indian women pulling weeds in the garden. By the time we arrived there only half the garden had been weeded. The word had gone around that the minister was coming and the garden should be cleaned up quickly and although they had started at it in the morning they had not completed it by the time we arrived. If we had arrived in the morning before the warning had gone out we would have seen nothing but weeds in the garden.

There are, however, Indians in the north who have initiative and who are interested in working. They tell me that garden projects of this kind operated on a community basis is for the birds. They explained that some of them work very hard all summer in the garden and when the fall comes the crop is taken off and shared with the whole community. They said they would rather see the government split up these garden plots into individual acreage. They prefer to work their own plots and take off the produce that is the fruit of their individual labour.

An hon. Member: That was a C.C.F. policy.

Mr. Hardie: An hon. member comments that communal gardens were a C.C.F. policy and I agree. I have explained what has been happening under that policy. I hope the department will change its tune on that score and give these people some opportunity for individualism, a goal to work for and a degree of personal initiative.

I have dealt with some of the things we could do to improve the lot of the Indian people. It must be pointed out, however, that the fur industry is still the backbone of the economy of the native people in the Northwest Territories. In the past several years fur prices have been so low that in many places it is not worth trapping fur. I appeal to the minister and ask her to see her friend, the Minister of Agriculture, and ask him why we cannot bring fur under the Agricultural Prices Support Act. Everything else that is produced in this country can come under the act. The raspberry growers, the pulpwood cutters, grain grown in eastern Canada, and just about everything that is grown comes under the act. Sheep come under the act. Wool of the sheep comes under the act. Everything from soup to nuts comes under the act. The minister told me last year that even the fur ranchers in Canada who ranch mink and other furs come under this act, but wild fur cannot come under it. I appeal to the minister and I am sure that with her sweet smile she can convince her colleague the Minister of Agriculture that wild fur should come under the act. If she cannot do that, then I would suggest that the department of Indian affairs should start to look at the proposition of putting a floor price under furs, covered by separate legislation, if we have to.

In the past four or five years there have been—and I am sure the director, or any of the officials of the department will agree with this—a number of Indians employed in construction projects at Inuvik, at Fort Smith, at Yellowknife on the road, and so on. The minister mentioned this as a matter of fact in her statement. This year we are in the process of moving the town of Aklavik to its new location. At Fort Smith we are building government houses for civil servants and offices for civil servants. Most of the building that is going on is for civil servants and some Indians are working on those projects. Those construction programs will be over and finished in two years. Ever since we started that construction program I have repeatedly said that we had to look to the future. It is fine and dandy to have Indians on the payroll today and making a half decent living, but the minute that construction is over what are you going to do with the Indian? This is the problem and now is the time to start thinking about it. What are you going to do with the children who are coming out of the vocational training schools that we have built in all parts of the country. This is a problem that requires serious consideration now.

I noticed the minister said we will have placement officers. Have we one in the Northwest Territories? If we have, has any thought been given to what the placement officer is going to do to place Indians if there is nothing for them to do? How are we to encourage native children to take vocational training two or three years from now when their older brothers and sisters have come

out of school and are back on the trap line trapping muskrats because there is nothing else for them to do? This is a serious problem. If we do not do some planning now we shall force the native Indians four or five years from now to reject the whole basis of education and he will have reason to do so. He goes into a school and takes a course as a grader operator, an electrician or any sort of operator but when he comes out of school the construction work is finished and he has no job. Then the government asks him to go back on a trap line, something he has never done before. He does not know how to trap; he is useless as far as trapping is concerned. If we do not do some serious thinking now this will happen.

There is an immediate solution at least for those who have been trained in the last few years and for those who are being trained right now. I would suggest that the Department of Transport be notified of every native who is a mechanic or who is able to operate a piece of equipment such as a snow blower, a grader, a tractor and the like, all of which are required, as the committee knows, for the maintenance of airports, with the view of filling all the vacancies from now on with natives who have been through the vocational training courses provided by the government and who I am sure can handle any piece of equipment that is sitting on any airport in the Northwest Territories.

This, I say, is something we should do immediately. We should provide every department of government operating in the country with a list of qualified people whom they might require for their work. I suggest also that before the construction season opens this year the contractors who have been successful in getting contracts at Inuvik, Fort Smith, Hay River, Fort Simpson, Yellowknife, and on all the roads that are going north, be supplied with a similar list. It should be made plain to them that native people are to be employed before they start shipping in carloads of people from the outside. The Northwest Territories has the highest percentage of unemployment in Canada, regardless of what anyone says. When native people who have been told, "you take a vocational training course and you will receive jobs", find themselves out of work during the construction season and find, as I said a moment ago, carloads and aeroplane loads of men being shipped into the north to do jobs they could do, how do you think they feel about it?

I would also suggest that we provide a list to the Imperial Oil company down in Norman Wells and to the transportation companies, both the crown-owned Northern Transportation Company and the Yellowknife Transport, and ask for their co-operation.

[Mr. Hardie.]

The Chairman: Order. I regret to interrupt the hon. member but I must advise him that his time has expired.

Mr. Winch: Mr. Chairman, there is one matter coming under this vote upon which I should like to make a few comments. It is one which has not been discussed so far and I admit that it is somewhat complicated. Nonetheless, I hope that the minister will be able to give the committee some information about it. May I say first of all that I am raising this matter at the request of the president of the grand council of the North American Indian brotherhood.

We all recognize that property and civil rights and natural resources come within the jurisdiction of the provinces while Indian affairs come within the jurisdiction of the federal government. However, it has been mentioned to me on a number of occasions and again recently by the grand council of the North American Indian brotherhood that they would like to have a clear exposition from the minister as to how far she feels her responsibility extends in the conduct and direction of Indian affairs having regard to ownership of property and Indian rights within the boundaries of provinces, particularly where no treaty rights are involved.

We all recognize that the minister is faced with problems right now involving the Six Nations Indians and it may be on a somewhat similar basis that I have been asked to raise this matter in the committee at this time. I have been told on many occasions by Indian chiefs in British Columbia that they have never given over their ownership of British Columbia because there is no treaty under which they did so. However, I am not going into that phase of the matter this afternoon.

May I say that I am quite proud that the native Indians of British Columbia should take such interest in whether or not they hold ownership to lands and certain rights in respect of timber or minerals. In recent years they have expressed great interest in the development of the province and great interest particularly in the last year as to who will develop the province. They are primarily interested in the northern part of British Columbia where, as the minister knows, approximately one-fifth of the territory of British Columbia apparently is to be ceded by the Social Credit government of our province to a corporation or group of corporations nominally headed by Axel Wenner-Gren but behind whom we know are the Krupp interests of Germany. The Indians are concerned as to their status in the development of that part of the province under that type of ownership. I believe that the Indians of British Columbia generally

and the grand council of the North American Indian brotherhood are to be congratulated, complimented and commended because of their interest in this matter. Perhaps the best way I can present the matter to the minister and the officers of her department is by doing what I was requested to do by the president of the grand council. With your permission, Mr. Chairman, I will read the letter I received under date of February 20 on the official letterhead of the brotherhood. It reads in part as follows:

> By the provision of section 109 of the B.N.A. Act, the title to the minerals and soil in a province is in the crown, the province and the Indians. Lord Watson in giving judgment for the privy council in the St. Catharines Milling case ruled in part as folows: "There is a third interest, and that interest is the Indian interest, which is capable of being vindicated in competition with the provincial interest."
>
> By that fact and by law, as fortified by the privy council judgment . . . the B.C. Indians have an interest equal to the province but wacky Bennett has not consulted us in giving a big portion of what belongs to us Indians to Axel Wenner-Gren. The reason for this letter is to ask you to speak for us in the House of Commons and ask what kind of a man is this Axel Wenner-Gren? Is he worthy of a man to be allowed into British Columbia? The people of B.C. who are co-owners of what Bennett is going to give him . . . from the grapevine and the moccasin telegraph this Indian has been told by white people that Wenner-Gren made his millions dealing with human lives.

I say that that statement, Mr. Chairman, is a correct one. I continue:

> That during world war II he dealt with the enemy, while also doing business with the allies.

That too is a correct statement, Mr. Chairman. I continue:

> Is this gangster, who is worse than Capone, the kind of a man to do business with? What comes after this donation by Bennett may be detrimental to all the people in B.C. We may be enslaved, we must protect our posterity.

This comes from the Indian brotherhood in the interests of British Columbia, their own land. The letter continues:

> You can use my name in these allegations because as the chosen leader of my people it is my duty to know and can only find this out through your questions in the parliament of Canada. The query must be directed to all hon. members of the House of Commons, not only the government, because they are the trustees for the Indians of Canada—The land that he is to get is rich in minerals, etc., and will adversely affect the economy of the Indians in that part.

I was asked to raise the matter in the house. That is signed by Andy Paull, grand chief and president of the North American Indian brotherhood.

I felt it was my responsibility, Mr. Chairman, having received the letter to read it. As I previously stated, it is something to be proud of that our truly native-born Canadian citizens, our native Indians, are concerned about the development of our natural resources, and who develop them. Basically their question is, what power, what influence, what interest has the minister in charge of Indian affairs at this time, to assist them in a situation in which British Columbia is making a deal with a man who, by order in council, was declared a traitor and a person with whom no one could deal during the last war.

I was so interested in the letter and in the other statements made that I checked on the St. Catharines Milling and Lumber Company case, a decision of the privy council, which is to be found in Canadian Constitutional Decisions of the Judicial Committee by Olmsted. I am not going to go into the decision in detail, but I did find some interesting facts in that judgment of the privy council. May I just give a couple of quotations which I feel are important. On page 238, the judgment says:

> Documentary evidence was referred to, to show the nature and character of the Indian title. It was contended that the effect of it was to show that from the earliest times the Indians had, and were always recognized as having, a complete proprietary interest, limited by an imperfect power of alienation.

On page 241, we find this:

> It is contrary to the spirit of the act to hold that the grant of legislative power—

That is the British North America Act.

> —over lands reserved for the Indians carries with it by implication a grant of proprietary right.

I am not going to continue with that, but I do believe sincerely that the North American Indian brotherhood has raised a most interesting, if complicated, question. I do hope that the minister may find it possible, because of her interest in the department over which she exercises jurisdiction, to take note of the situation in British Columbia and the interest of the native Indians of British Columbia in their own proprietary right to develop the resources of the province, who develops them, and perhaps inform the native brotherhood through the medium of what she says in this house as to what their position is and what help they can expect in defending, not only their own hunting and fishing grounds but the natural resources, thereby honouring their ancestors who were the original settlers of that great province.

Mr. Herridge: I have two or three questions to ask the minister which I have been directed to ask by some people in Ottawa. Are there any solicitors employed by the department in connection with Indian affairs? If so, what are their salaries and have they passed the necessary examinations to qualify as solicitors in any province of Canada?

Mr. Pickersgill: There are a few questions I should like to put to the minister before she replies. I do not intend to make a speech, and I am sure she will be relieved to hear that. I think we would all be interested in the most up to date information she has about what is going on on the Six Nations reserve. It did happen, I think it was last night or at any rate very recently, that I was looking at television which I do not very often do. I saw the superintendent of the Six Nations reserve on television. He expressed the view—I am not taking any exception to this or anything of that sort—that the sooner we found out what the people of that reserve really wanted, the better.

As a matter of fact, this had already occurred to me even before I saw this television program. I thought perhaps it would be advisable—I am only putting this forward very tentatively because I think the minister appreciates I have no desire to make any difficulties at all in connection with this matter—to have a plebiscite on the reserve to ascertain whether or not the majority of the Indians want to continue to have an elective council or want to have the restoration of the government of the so-called hereditary chiefs. I know there would be considerable difficulties if the second course happened to be the wish of the people because of the claims that are made by the hereditary chiefs that they are not Canadian citizens and the reserve is not a part of Canada but an independent country.

I have to confess that I do not know whether or not this course has ever been taken or ever been considered. It may be that at one time a decision was made by the courts on this matter. I understand that there was a certain treaty in the time of Sir Frederick Haldimand which had a good deal to do with the status of the reserve and of the Indians living on the reserve. I am wondering if possibly it might be a good idea, by agreement if agreement can be secured, to refer that document and any of the other relevant documents to the supreme court, with a view to getting an authoritative interpretation of them. I imagine there would not be much purpose to be served in doing that unless there was a prior agreement with the parties interested that they would accept an interpretation by the supreme court. It might be impossible to obtain such an agreement.

These two ideas had crossed my mind, and I thought, it would be useful to put them forward. I do not expect the hon. lady to make any particular comment about them. However, I would appreciate it, and I think other members of the committee would, in view of some of the things that have been happening, if without taking too much time we could be told as much as the hon. lady has in the way of information as to what is occurring.

I am also very much interested in being brought up to date, as I am sure would be other hon. members of the committee, about the progress of the famous expropriations at Caughnawaga. I have spent a good deal of time on, and given a good deal of attention to, this subject, and I am sure the hon. lady has done the same and I would again like to know what the current situation is. While I am not seeking to go underground or anything like that, I would also like to hear a little more about water mains and the sewers, and how they are coming along at Caughnawaga.

Mrs. Fairclough: I told you all I knew the other day.

Mr. Pickersgill: I was hoping in the meantime the hon. lady had instructed herself a little more.

Mrs. Fairclough: I thought I gave a pretty full answer, but I will see if there is any more information.

Mr. Pickersgill: I would be very much interested as well, although perhaps the hon. lady would rather do it at a later stage, but I will ask the question now, to hear how the scholarship scheme has worked out and to have a brief report on that. I think I can say, with my usual modesty, that I had something to do with starting that scheme, and one is naturally interested in the things one starts oneself. I would also be quite interested in knowing what the experience has been with what I think was the last thing I had anything to do with starting in the Indian affairs branch, and that was the provision of relief in cash instead of in kind. I know I had some little difficulty in persuading some of my colleagues on treasury board that some Indians on selected reserves should be treated like other people with respect to relief, and it was agreed it would only be an experiment. I think it was one of the steps in the right direction which I would like to see taken as fast as people will agree to them and circumstances permit. I am sure the hon. lady will, without even being asked, tell us what the latest progress has been in the integration of the schools; that is to say, in getting Indian children into schools attended by other children in the various provinces.

There may be some other questions which will occur to me later on, but they are the ones which occur to me now.

Mr. Kindt: Mr. Chairman, I should like to ask the minister a question about a matter which has arisen on the Indian reserve at Gleichen. The situation there is one of concern as regards the financial difficulty of the Indians on that reserve. A situation has arisen whereby the Indians, who for a number of years have farmed their own land and built up a capital reserve, now find that that capital reserve has diminished and that they are in such financial difficulty that they are unable to farm their own land. Also, consideration is being given to renting that land to the white man. This is a sort of reflection on the administration of that Indian reserve, either through the failure to have farm management men there to assist and supervise the Indians in the proper management of their land, or it could be due to a number of other causes. Nevertheless, the fact remains that the Indians on that reserve now find it necessary to seek jobs off the reserve in order to gain a livelihood. It seems to me that the Indian affairs branch should, in their wisdom and administration of the affairs of that reserve, give careful consideration, if they have not already done so, to the step which is now contemplated.

That land belongs to the Indians, and I submit that before it is leased to the white man and before long term contracts and commitments are made, the Indians' fundamental problems should be probed to the very depths in order to see if by financial help or other arrangement something cannot be done by this government to bring about a situation on that reserve where these Indians can profitably administer and farm their own land.

Mr. Howard: I wonder if I might briefly pose a couple of questions to the minister. I understand that we make a grant to the national commission on the Indian Canadians. I would like to know how much that is. I cannot find any reference to it in the details, but it is the amount of the grant we make which I want.

Mrs. Fairclough: You will find it under the citizenship branch.

Mr. Howard: Is it listed as an amount?

Mrs. Fairclough: No, it is not. I will find it for you.

Mr. Howard: Thank you. My other question is this. On October 30 and 31, 1958 there was a provincial conference of Saskatchewan Indian chiefs and councillors held at Fort Qu'Appelle. I would like to take the liberty, if I may, of reading one of the resolutions passed at that conference. One reads:

> We, the chiefs and councillors of the association of Saskatchewan Indians, in conference assembled, request the federal government to undertake a detailed social survey of Saskatchewan Indians to among other things
>
> (1) gather factual information on the conditions prevailing on all reservations;
>
> (2) make recommendations as to policies and programs designed to provide for the advancement and improvement of Saskatchewan Indians, and
>
> (3) determine the most effective methods of implementing these programs.

I wonder if the minister would indicate whether the association of Indian chiefs has officially communicated the contents of this resolution, or the import of it, to the minister, and what action has been taken or is contemplated with respect to the suggestions made therein?

Mrs. Fairclough: Mr. Chairman, possibly I could try to answer now some of the questions which have been put in the course of this debate. In so doing, may I thank the hon. members for their interest and say to them that all of the constructive suggestions which have been made will certainly be dealt with by this department, and consideration will be given to them. There are two or three very good suggestions which have come out of the debate today. I might say further that the officials of my department are ready and willing at all times to consult with members who wish to bring to them suggestions, or who wish clarification of existing conditions on any of the reserves.

With reference to the remarks of the hon. member for Skeena, perhaps I should answer his last reference first. The resolution from the conference at Fort Qu'Appelle was forwarded to the branch and we have it. There are certain difficulties in the way of proceeding immediately; the matter is under consideration. I might tell him that it took five years from the time of the first consideration of the report now known as the Hawthorn report on the British Columbia Indians before the study was finally undertaken. These things cannot be done overnight. If my memory serves me well it is now something in the nature of two years since the suggestion was first made that a similar study, or something approximating the same kind of study, be made amongst the Indians in Saskatchewan. We are considering the matter. It is the opinion of those who have studied the Hawthorn report that much of the material in that report is of general interest to Indians right across Canada, and we do not wish to duplicate the work which was put into that report. I can assure the hon. member that the matter is under study at the present time. Eventually there will be a study made, but that will depend upon the speed with which we can arrive at terms of reference establishing such a study.

The hon. member asked me about salaries for teachers. I have the schedule here, but I say to him that salaries are the same in all the provinces in Canada with respect to the teachers in Indian schools. I do not have in my hand a schedule of the salaries paid by the province of British Columbia. It may be that in some instances the pay scale is a little lower than British Columbia but I can assure the hon. member it is considerably higher than the salaries in some of the other provinces. Where you have one scale across the country there are bound to be differences where some salaries are under the jurisdiction of provincial governments, but we cannot pay higher salaries for teachers in British Columbia teaching in Indian schools than are paid to those teaching in other schools.

I might say that the schedule I should like to place on record in *Hansard*, with the permission of the committee, does not include isolation benefits which are paid in certain districts. These are in addition to the amounts mentioned.

The Deputy Chairman: Has the minister permission to place the schedule to which she has referred on record in *Hansard?*

Some hon. Members: Agreed.

Mr. Howard: Would it be possible for me to peruse this document and make some notes from it at this time?

Mrs. Fairclough: I shall be glad to send it over to the hon. member. Afterwards we can send it to *Hansard.*

1958 SALARY SCHEDULE FOR TEACHING STAFF—
DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

PART 1—TEACHER AIDES

	1	2	3	4	5	6
Experience in years	Less than 1 year University	1 year University	2 years University	3 years University	4 years University	5 years University
			Levels			
0	2,000	2,100	2,200	2,300	2,400	2,500
1	2,200	2,300	2,400	2,500	2,600	2,700
2	2,400	2,500	2,600	2,700	2,800	2,900
3	2,600	2,700	2,800	2,900	3,000	3,100
4	2,800	2,900	3,000	3,100	3,200	3,300
5	3,000	3,100	3,200	3,300	3,400	3,500
6	3,200	3,300	3,400	3,500	3,600	3,700

Key:

I—*Teachers Aides and Teachers*—Based on academic and professional qualifications and teaching experience. Teachers of specialist subjects may receive additional $200 per annum for special qualifications. (Annual salary paid semi-monthly from September to June).

II—*Community Teachers*—Twenty percent in excess amount based on academic and professional qualifications and teaching experience. (Annual salary paid semi-monthly for twelve months).

1958 SALARY SCHEDULE FOR TEACHING STAFF—
DEPARTMENT OF CITIZENSHIP AND IMMIGRATION—*Concluded*

PART 2—QUALIFIED TEACHERS

	7	8	9	10	11	12	13
Experience in years	Jr. Matric + 1 year Teach. Ed. or Recog. Shrt. Course	Sr. Matric + 1 year Teacher Ed.	Sr. Matric + 2 years Teacher Ed.	Sr. Matric + 3 years Teacher Ed.	Sr. Matric + 4 years Teacher Ed.	Sr. Matric + 5 years Teacher Ed.	Sr. Matric + 6 years Teacher Ed.
				Levels			
0	2,700	3,000	3,300	3,600	3,900	4,200	4,500
1	2,900	3,200	3,500	3,800	4,100	4,400	4,700
2	3,100	3,400	3,700	4,000	4,300	4,600	4,900
3	3,300	3,600	3,900	4,200	4,500	4,800	51,00
4	3,500	3,800	4,100	4,400	4,700	5,000	5,300
5	3,700	4,000	4,300	4,600	4,900	5,200	5,500
6	3,900	4,200	4,500	4,800	5,100	5,400	5,700
7	—	4,400	4,700	5,000	5,300	5,600	5,900
8	—	4,600	4,900	5,200	5,500	5,800	6,100
9	—	4,800	5,100	5,400	5,700	6,000	6,300

Key:

III—*Principals and Assistant Principals*—To amount payable in accordance to academic and professional qualifications and teaching experience, add appropriate amount for number of academic classrooms supervised. (Annual salary paid semi-monthly from September to June).

IV—*Community Principals*—Twenty percent in excess amount based on academic and professional qualifications and teaching experience and add appropriate amount for number of academic classrooms supervised. (Annual salary paid semi-monthly for twelve months).

I noted what the hon. member had to say with reference to relief payments. I am sure he will agree with me that the schedule now established represents a great improvement over that formerly in effect. I cannot let this opportunity pass without commenting on the fact that last year when this subject was under discussion I maintained, from the available figures, that the average relief payment made was around $14. The hon. member maintained it was $10, and the press of this country picked up that amount and made it known that the amount of relief payments to Indians was $10, despite the fact that I had given a different figure. This year, however, when payments have been increased to a minimum of $22 for the first single adult, the hon. member indicates that this represents a very small increase. He cannot have it both ways. Either his figures last year were wrong or his figures this year are wrong. It must be one or the other. I would point out once again that these figures relate to food only; there are many other things which have to be added to these payments.

The hon. member is quite right in his statement that the sale of liquor to Indians comes under provincial jurisdiction. However, even before it becomes a matter of provincial jurisdiction the Indians themselves must make their wishes known to the provincial government which in turn makes a request to the federal authorities. Thus I imagine that the statement by the cabinet minister in British Columbia which he read would have reference to the fact that the initiative must come from the Indians if they wish to have the liquor laws changed with regard to the consumption of liquor on the reserves.

Mr. Howard: Does this provision that the initiative must rest with the Indians themselves form part of the Indian Act?

Mrs. Fairclough: No. The request must come from the province, but the province naturally does not move until it is sure of what the Indians want.

Mr. Hardie: Is it not true that although the provincial government may request permission, if an opposite request should come from the Indians the government would consider the Indian request before the provincial one?

Mrs. Fairclough: The department is anxious at all times to administer the affairs of the Indians in a manner which will be to their liking and which will further their welfare. Consequently, I think there is some basis for the hon. member's remark.

I might add at this point that during the course of the questions which were asked by the hon. member for Skeena the hon. member for Vancouver East interjected a remark that the government was "a bit touchy" on the liquor question. I can assure the hon. member for Vancouver East that this is not the case at all. This minister is not a bit "touchy" on this subject and when representations are made to the government on this as on all other matters they will be carefully considered and, as the hon. member for Mackenzie River intimated, the wishes of the Indians will be taken into consideration.

The hon. member for Fort William asked whether special consideration could be given to the rehabilitation of tubercular patients in the Thunder bay district. I can assure him that the department will give consideration to this request. It is possible we may be able to establish some sort of centre at the lakehead. We will certainly look into the matter and see what can be done. I am not sure whether I understood the hon. member correctly when he referred to the mothers' allowance, but may I say that Indians do receive mothers' allowances in the province of Ontario. I understood the hon. member to say they did not.

Mr. Badanai: I understood that they were not eligible for the allowance if they lived on the reserves.

Mrs. Fairclough: That does not matter. They are still eligible.

I should just like to say, further, that the hon. member for Fort William was one of those who has raised a number of points and I can assure him that all the points he raised will receive consideration.

The hon. member for Mackenzie River asked a question about rehabilitation rations. As he knows, these rations are made up on the basis of foods which are needed for the restoration of health. The attitude taken by the department is that they are supplied regardless of cost. It does not matter what the cost is, these rations are available. That is still the policy of the department, with the exception that if the cost of the rations that are being supplied is less than the new cash scale of relief, the cash scale will prevail. It depends on which is greater, the cost of the rehabilitation rations as shown on the schedule or the amount set out as cash relief under the new schedule.

[Mr. Hardie.]

Mr. Hardie: I wonder if the minister would permit me to explain some things that happen which do not always involve her department to any extent. In many cases when an Indian leaves Camsell hospital to return to his home in the Northwest Territories he is not provided with the authorization from the hospital that is necessary in order to obtain from the agent the rehabilitation rations he requires. Even though the agent knows that the Indian has just come from Camsell hospital he is unable to provide him with rehabilitation rations because he lacks authorization from the hospital. Can the minister explain why the present procedure is followed?

Mrs. Fairclough: Mr. Chairman, I agree with the hon. member that it does not sound reasonable. We will look into the matter. It has been left in the past to the discretion of the doctor who releases the Indian to establish his need for special rations but I assure the hon. member we will look into the question.

The hon. member also asked me about the jurisdiction of this department in the Northwest Territories. Indians do come under this department. Where there are existing services in many of the provinces, in some cases the department rents those services rather than setting up duplicate services in those areas. That is true of the Northwest Territories as well as other sections of Canada. It is particularly true in the field of education in the Northwest Territories because, as the hon. member knows, we have an agreement with the northern affairs department to look after education there.

Mr. Hardie: Does the department have a similar agreement with the northern affairs department in respect to the welfare of Indians?

Mrs. Fairclough: Not at the moment, Mr. Chairman. I do not know whether or not they are planning to make representations to this department to rent their services to us. In any event I can assure the hon. member that this department is handling it at the present time.

I might just say to the hon. member that we found most interesting his suggestion with regard to a works foreman. It is one of the suggestions I referred to as being extremely constructive and useful. We will look into it and I hope something may come out of it.

In reply to the hon. member for Vancouver East I might say that Mr. Andy Paull is a frequent correspondent of mine; in fact we carry on a rather heavy correspondence. However, I do not appear to have received the letter which Mr. Paull directed to the hon. member for Vancouver East who read it to the committee today. When requests come to

my desk from Mr. Paull they are given careful consideration even though sometimes he may not be entirely in accord with my answers. If the lands referred to are Indian reserves of course no one can encroach upon them. If, however, they are not Indian reserves then they come under provincial jurisdiction. That is probably not a specific answer but it is a general one having regard to what I can remember of the letter as the hon. member read it. In any event when we see the letter we shall reply to Mr. Paull and satisfy him with regard to his problem.

The hon. member for Kootenay West asked me about solicitors in the department. We employ two solicitors, grade 5. One is qualified in Saskatchewan and one in Ontario. The salary range is $7,500 to $8,580. We employ one solicitor, grade 4, qualified in Manitoba whose salary range is $6,840 to $7,860. We have four solicitors, grade 3, of whom three are qualified in New Brunswick and one in Ontario, the salary range being $6,360 to $7,320. We have one officer employed as an administrative officer, grade 2, whose salary range is $5,700 to $6,180 and who is a graduate in law in Ontario. Those are the solicitors employed by the department.

The hon. member for Bonavista-Twillingate asked me several questions. Since a great many of them related to education and in view of the fact that the hon. gentleman has been called out of the committee perhaps I could leave those and deal with them when we reach the education vote. Possibly I should defer answering his other questions, too, until we reach the appropriate votes on which they might be answered. The hon. gentleman may have returned to the committee by that time but if he has not returned, Mr. Chairman, I shall proceed to put the answers on the record.

I was also asked a question by the hon. member for Skeena with reference to the grant to the national commission on Indian Canadians. The sum of $4,000 is provided in the current estimates but, as I said, it comes under the citizenship branch.

The only other question I recall being asked was that raised by the hon. member for Macleod. I should say to him that this is a pretty complicated problem that has developed over the years. I believe that some part of the problem probably arises out of the generosity of the Indians themselves to their brothers. I do not think it is a problem I could deal with in a short space of time in this committee but if the hon. member would like to come to the department we will be glad to give him the full story in so far as we have it. I would also extend this invitation to any other hon. members of the committee who have any specific Indian problems, Mr. Chairman.

Mr. Herridge: Mr. Chairman, I thank the minister for her answers and I have just two more questions. I observe that other departments list their solicitors in the details in the estimates book as solicitors but those in this department are listed as administrative officers or some other category. What is the reason for that? My second question is this. Are there any persons in the department doing the work of a solicitor or legal work of any kind without qualifications in Canada?

Mrs. Fairclough: Mr. Chairman, I can answer "no" to the last question immediately. If the hon. gentleman will turn to page 145 of the estimates under "Reserves and trusts" he will find the solicitors listed.

Mr. Herridge: I must apologize, Mr. Chairman, I think my eyesight must be failing.

Mr. Kindt: Mr. Chairman, can the minister tell us if it is the intention of the government to establish the joint committee of this house and the Senate soon? If this proves impossible, does the government intend establishing a royal commission to study the Indian question and bring in at the next session of parliament some fundamental recommendations designed to solve many of the problems that are so apparent in the administration of Indian reserves in western Canada.

Mrs. Fairclough: Mr. Chairman, I am sure on reflection the hon. member would agree with me that you do not get very fast action with royal commissions. It is my hope that the committee which will be set up this year will be able to furnish a great deal of valuable information of a current nature to the department. I hope to present that resolution to the house when we have finished the estimates of the department. It is my hope that we can probably have the personnel of the committee established, with the co-operation of the other parties in the house, so that it could get to work right after the Easter recess; but I can assure him that the matter will be handled with all possible dispatch.

Mr. Kindt: Thank you.

Mr. Badanai: I would like to correct a question I asked of the minister regarding mothers' allowances. Instead of mothers' allowances I meant widows' allowances.

Mrs. Fairclough: I do not know what the hon. member means because there is no widows' pensions as such for anyone, either Indians or anyone else, except those which are payable under the Pension Act to the widows of service men.

Mr. Badanai: I understand that the province of Ontario pays a widows' allowance to widows.

Mrs. Fairclough: I am not an authority on provincial law, but I can find out about it for the hon. member.

Mr. Habel: Mothers' allowance.

Mr. Hardie: I think the federal government pays a portion of the provincial widows' allowance. Earlier the hon. member for Fort William referred to mothers' allowance and I am sure that not only the minister but all of us understood it to mean family allowances.

Mrs. Fairclough: No.

Mr. Hardie: I think what he really meant was widows' allowances paid by the provincial government toward which the provincial government pays.

Mrs. Fairclough: That is precisely what I was talking about. It is known as mothers' allowance. It is paid to women who are either separated from their husbands, or are widows and who have dependent children who need assistance and it is strictly on a means test basis. It is payable to Indians and to non-Indians.

Mr. Hardie: Is any part of that allowance paid by the federal government?

Mrs. Fairclough: All of these matters come under the Department of National Health and Welfare, but I think I am correct in saying that it is purely a provincial matter.

Mr. Howard: I must express first appreciation for the information which the minister has given in reply to various questions which were posed. Of course, as I did at the last session, as I will do at this session, next session and ad infinitum, I wish her well in her task of dealing with the Indian affairs branch.

The minister was kind enough to send me over the schedule of teachers' salaries in effect in the Indian affairs branch, but I would point out that when I started my earlier remarks the list that I had in my hand had to do with the 1958 salary schedule for the teaching staff. The minister indicated that this was not correct, that there was a revised one. I discontinued my remarks along that line until I could receive the proper schedule. The one she sent me over is exactly the same as the one I was referring to. It is headed, "1958 Salary Schedule for Teaching Staff—Department of Citizenship and Immigration". This is the one I made reference to when I made my earlier remarks. The one the minister sent me has the very same heading. It gives the classification, the levels of teachers, the various wage rates that are payable to them based on different factors, and so on. They are precisely the same as the one I have.

Mrs. Fairclough: I apologize if I misled the hon. member. The schedule was effective on April 1, 1958, and I am afraid I did not realize that that was what he had in his hand.

Mr. Winch: I can assure the minister on behalf of this group, in view of this discussion, that what appears in the paper as follows is not correct:

> Wallace (Mad Bear) Anderson, a Tuscarora from a reserve near Lewiston, N.Y., told the meeting.
> "My reaction is this—she can go jump in the lake. She has previously announced she will have nothing to do with us. This is another example of the forked tongue."

Mr. Howard: In any event, I can return the schedule that the minister was kind enough to send over and it will be printed in *Hansard*. Originally I did want to make some reference to the difference between the salary structure payable by the department to those teachers as compared with the salary structure payable in the province of British Coliumbia in two or three of the school districts, specifically those which are in the constituency of Skeena, and to show in a general way that there is a difference and that the salaries paid by the Indian affairs branch here are lower than those which are paid in the province of British Columbia.

I might say that while I selected the salary schedules applicable to school districts within the riding of Skeena, I might point out that in so far as the range of salaries is concerned in all of those school districts, it is higher than those listed here. I have no figures available on this but I think the salaries paid by the department to teachers in Indian schools are on a par with the average throughout Canada and are higher than those paid by some of the school districts in some other provinces. I do not know that. The listing, for instance, under the Department of Citizenship and Immigration, I take it, is for a teacher with senior matriculation and one year teacher education. I am informed that it is comparable with E.B. in the province of British Columbia, which means a second-year standing in the college of education. It is the same as a senior matriculant with one year's teaching experience.

I make reference to the Queen Charlotte islands school district. Perhaps permission would be granted to include the salary schedules in *Hansard* also.

The Deputy Chairman: Has the hon. member the permission of the committee to have these salary schedules included in *Hansard*?

Some hon. Members: Agreed.

Mr. Howard: The schedules follow:

School District No. 50 (Queen Charlotte)
1959 Salary Agreement

Years of Experience	E.B.	E.A.	S.C./P.C.
0	$3,500	$3,850	$4,225
1	3,700	4,050	4,425
2	3,900	4,250	4,625
3	4,100	4,450	4,825
4	4,300	4,650	5,025
5	4,500	4,850	5,225
6	4,700	5,050	5,425
7	4,850	5,250	5,625
8	5,000	5,450	5,825
9	5,150		
10	5,300		

School District No. 55 (Burns Lake)
1959 Salary Agreement

Years of Experience	E.B.	E.A.	S.C.
0	$3,350	$3,650	$4,150
1	3,550	3,850	4,350
2	3,750	4,050	4,550
3	3,950	4,250	4,750
4	4,150	4,450	4,950
5	4,350	4,650	5,150
6	4,550	4,850	5,350
7	4,750	5,050	5,550
8	4,930	5,250	5,750
9	5,110	5,430	5,950
10	5,290	5,610	6,150

School District No. 53 (Terrace)
1959 Salary Agreement

Years of Experience	E.B.	E.A.	P.C.
0	$3,425	$3,775	$4,200
1	3,605	3,955	4,410
2	3,785	4,135	4,620
3	3,965	4,315	4,830
4	4,145	4,495	5,040
5	4,325	4,675	5,250
6	4,505	4,855	5,460
7	4,685	5,035	5,670
8	4,865	5,215	5,880
9	5,045	5,395	6,090
10	5,250	5,600	6,300

With no years of experience, range 8 of the Indian affairs branch shows a basic salary, not taking into account isolation payments or other things which are not taken into account in the ones that I am referring to in British Columbia either, of $3,000 compared with a starting rate for the same grade of teacher, the same number of years experience, in the Queen Charlotte islands, of $3,500, or a difference of $500. In the Burns Lake school district it is $3,350 and in the Terrace school district it is $3,425. The same differences are shown throughout. Generally they range from a difference of $300, $500 to $600 a year as between those paid by the school districts and those paid by the department.

I do not know whether we should accept the condition which exists at the moment or that the salary schedule should be equal throughout all Canada. For instance, under our school system in British Columbia the salary schedules for teachers are not the same in each one of the some 80 school districts. They draw up salary schedules and other conditions, payments and so on, for each school district and they vary. As the committee will notice, they vary between Queen Charlotte islands and Terrace to the extent of about $75 a year during the first year. These differences exist between various school districts in the province. I wonder whether any thought has been given to arranging the salaries of teachers in the Indian affairs branch so that they will equal the salaries paid to teachers in the various provinces. We may find that in maintaining a uniform salary scale we are paying higher salaries in one province and lower salaries in another province. We all know that income is an incentive to teachers and, as has been suggested by others on other occasions, the Indian affairs branch is not able to draw upon the most capable people in the teaching profession if the salary scales remain lower than the salary scales of various school boards in the different provinces.

I certainly suggest that we attempt as much as possible to maintain equality between the salaries paid to teachers employed by the Indian affairs branch and the salaries paid teachers employed by school boards in the various provinces. I know that this cannot be done in each instance and that salaries cannot be kept equal every day of the year because changes take place in school districts and provinces from time to time, but as far as is humanly possible I think we should attempt to maintain the highest level of salaries for teachers in the Indian affairs branch, particularly in view of the fact that their job in teaching native Indian children is more complicated than is the job of teachers of non-Indian children. I hope that the minister will take this suggestion into consideration. I hope that the salary schedules will be revised so as to reflect salaries paid in other parts of the country and so that Indian affairs branch teachers will be placed on a footing as near as possible equal to that of teachers paid by other agencies.

Mrs. Fairclough: Mr. Chairman, in all departments of government civil servants are paid precisely the same regardless of what section of the country they work in with the exception, of course, of northern allowances and things of that nature. Therefore I do not think we can make an exception in the case of teachers. It is true that the salary scales in the provinces of British Columbia and Ontario are probably a little higher than that of the department. In the maritimes

the department scale is higher and in the other provinces they are just about equal. Therefore they pretty well level out. I can assure the hon. member that the matter of pay scales for teachers is constantly under review and what he has said will be taken into consideration.

Since the hon. member for Bonavista-Twillingate has returned, perhaps I might deal with some of the matters he raised. I should like to refer first of all to the situation at the Six Nations reserves. Possibly I had better tell the house what has already become public knowledge since it happened last night after the house rose.

Yesterday on the Six Nations reserve the new Iroquois police, as they style themselves, arrested one of our school teachers, an Indian by the name of George Beaver. They charged him with treason because he had written a letter to a local newspaper criticizing the action of the hereditary chiefs. They incarcerated him in the basement of the council house where they kept him for some time. They finally tried him for treason. I understand they found him guilty and then released him with a warning not to do it again. However, Mr. Chairman, it is my opinion that we must protect Canadian citizens and accordingly I should like to read into the record the telegram which I sent to Joseph Logan, Sr. who has been speaking for the hereditary chiefs. It reads as follows:

Joseph Logan, Esq.,
Ohsweken,
Ontario.

It has been brought to my attention that citizens have been molested and detained by an alleged Indian police force on the Six Nations reserve said to be under the direction of your organization. I am further informed that some of these persons have been subjected to mock trials and in some instances ordered to pay fines.

This type of conduct cannot be tolerated and I must most emphatically advise all those members of the Six Nations participating in and who are responsible for such unlawful conduct that it must cease immediately.

I must further inform you that steps will be taken without delay to restore and maintain peace and order on the Six Nations reserve for the protection and quiet enjoyment of all citizens.

The telegram is signed by the minister. I am not sure whether the hon. member made a suggestion or was thinking out loud, but with respect to his remarks about the proposed plebiscite I may say that is something that has occurred to some of the members of my staff. We have been discussing the matter. I think little would be achieved by proceeding in the heat of the present situation but I draw to his attention also that in any event nothing can be done at the moment because the authority of the hereditary chiefs is being argued at the present time before the courts in Ontario. Until that matter is settled I think we would be wrong in taking any action.

[Mrs. Fairclough.]

Mr. Pickersgill: I wonder whether the hon. lady would allow me to interrupt her for the purpose of obtaining information. How did that case get there? I do not want to say anything about the case but how did it get before the courts? Is my memory failing or is it something that occurred since the hon. lady became minister?

Mrs. Fairclough: I think it was already started when I came into the department. As I understand the situation, and my officials will correct me if I am wrong, the hereditary chiefs challenged the action of the elected council with regard to the sale of a piece of property.

Mr. Pickersgill: That would have been after my time.

Mrs. Fairclough: The matter is now before the courts and, of course, we must await the outcome. The hon. member also asked me a question with reference to Caughnawaga. The area expropriated was 1,374.14 acres. The number of individuals entitled to compensation was 217. As of February 24, 1959, settlement has been completed with 198 of them or some 91 per cent and settlements are pending with the other 19. The total amount of compensation paid to individuals as of February 24, 1959, was $2,217,892.20.

Mr. Pickersgill: Have any of these cases gone into the courts?

Mrs. Fairclough: No, there are none in the courts. I said in the absence of the hon. gentleman that I thought that the rest of his questions had to do with education. Would he like to wait until we reach the education item?

Mr. Pickersgill: I would be quite happy to wait until that time. However, another question has been put to me. Perhaps it is a little unfair of me to ask the hon. lady without trying to find out for myself but as she has so much more research staff than I have perhaps she will not mind. It has been represented to me by some Caughnawaga Indians that they are very fearful of this proposed metropolitan Montreal arrangement. They feel Mr. Duplessis is attacking the autonomy of the Caughnawaga reserve. I wonder if the hon. lady knows whether the reserve is to be included in the metropolitan area or definitely excluded?

Mrs. Fairclough: I can assure the hon. gentleman I have made no changes in the law. As he knows, under the present situation no one can encroach on a reserve, so the Indians are quite safe.

Mr. Pickersgill: It occurred to me it would, of course, be quite incompetent for the provincial legislature to attempt to legislate a reserve into part of a municipality. I did not think there could be anything in this, but I thought there would not be any harm in asking the question since it had been put to me.

Mrs. Fairclough: No, not at all. As a matter of fact, if my memory serves me well, we did have some correspondence with at least some members of the band in that regard, and gave them that answer.

Mr. Pickersgill: There is another question about Caughnawaga, and that is the question of re-routing the road and re-routing the bridge. Have all problems of that sort been settled with the provincial authorities and with the Indians?

Mrs. Fairclough: I do not know that they have been settled. The Indians have objected to any change in the road and so long as their objection stands nothing will be done about it. Unless they can come to an agreement, nothing will be done. I believe that some of the provincial authorities wanted to discuss the matter with them, but they were not even amenable to that suggestion so the department does not intend to take any action on the matter so long as the opinion of the Indians is that they want no change.

Mr. Pickersgill: There were also some expropriations at St. Regis. Have they all been settled?

Mrs. Fairclough: The area of the reserve expropriated was 140.3 acres; the number of individuals entitled to compensation, 40. All of the settlements have been completed and the total compensation paid was $184,771.

Mr. Pickersgill: Well, that is a happy ending.

Mr. Howard: I have one very minor question before this item passes. It relates not only to this particular vote, but to every other vote in the book. At the last session I urged that something be done about this, and if I could indicate it to the minister now perhaps she could communicate with the authorities responsible for the compilation of the statistical information in the estimates book. What I am suggesting is this: in the second portion of the book containing the details of the services, would it not be possible to arrange to print in that section the number of the vote, just as it is in the front of the book? We find great difficulty in following exactly what vote we are dealing with in the detailed section. I wondered if I raised the question at this session, perhaps next session and eventually we will be able to have the vote number printed in the detailed sections of the book.

Mrs. Fairclough: If the hon. member will mention it to the Minister of Finance when his estimates are before the committee, he will be putting it to the proper authority.

Mr. Howard: Will the hon. lady join me?

Mrs. Fairclough: I shall be glad to.

Mr. Pickersgill: The hon. lady will remember that there was a good deal of debate and a good deal of agitation at one time about the completion of the band lists, particularly in relation to certain happenings in Alberta that were ultimately settled in the courts, as they should have been in the first place. There were, the last time I made inquiries, still a few cases pending and I just wondered if the hon. lady could bring us up to date, and let us know if that job is also completed?

Mrs. Fairclough: It is practically completed, Mr. Chairman. The protests remaining are down to two, and we hope that these will be handled to their satisfaction shortly.

Mr. Pickersgill: Are these two persons living on the reserve or not living on the reserve? I would be interested in their history. Perhaps I could find a grievance.

Mrs. Fairclough: The reason they have not been settled is that we cannot locate them.

Item agreed to.

Indian agencies—

57. Operation and maintenance, $3,728,028.

Mr. Howard: In connection with this item, page 144, there is an item about three-quarters of the way down the page, listed as allowances. There is quite a substantial increase in the vote, from $40,000 to $100,000. Would the minister give us information on that?

Mrs. Fairclough: This results from the revised scale of northern allowances.

Mr. Pickersgill: I believe the hon. member for Mackenzie River wanted to ask a question, although he does not seem to be in the committee at the moment. He wanted to ask about northern allowances to ascertain whether they were on precisely the same scale in Indian affairs as they are in northern affairs.

Mrs. Fairclough: Yes, they are precisely the same.

Item agreed to.

Reserves and trusts—

59. Operation and maintenance, $367,421.

Mr. Pickersgill: This is an old favourite of mine, as the minister well knows. Perhaps the minister would like to leave this until we resume at eight o'clock, when she could tell us just where these estates stand. It is one of the most vexing problems, as I found when I was in the department, and I am sure a lot of us hope the situation is improving steadily. I should like to have a fairly detailed report on what the situation is.

Mrs. Fairclough: I think with all the information I have at hand I can manage to give it to the committee before six o'clock. The estates which were concluded in 1956-57 were 1,420; in 1957-58, 1,179; 1958-59—this is just from April to December—the last figure I have is 2,412. Now, in the management of estates opened, in the 1956-57 year we find they were 667; in 1957-58, 702; and in 1958-59, for the same period April to December 31, 508.

Mr. Pickersgill: Has the hon. lady the global figure for the backlog at present?

Mrs. Fairclough: My officials do not have the figures for the backlog at present.

Mr. Pickersgill: I think there are a couple of other questions I should like to ask, so perhaps we could let this stand.

Mrs. Fairclough: From the information I gave, the hon. member will realize we are cutting steadily into the backlog.

Mr. Pickersgill: I think it is very encouraging.

Mrs. Fairclough: How far we have gone, I could not say at the moment, but I shall try to find out.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Deputy Chairman: We have been discussing item No. 59. Shall the item carry?

Mr. Nielsen: Mr. Chairman, I would like to address a few remarks on the first item before it carries. There are a number of items which are of some concern to the Indian people of the Yukon. I want particularly to draw to the hon. minister's attention matters concerning housing, children's aid, welfare payments in isolated areas, education, both schools and hostels, and land. Perhaps I could first refer to the minutes of a meeting held in Whitehorse between the superintendent of the Yukon agency and five members of the legislative council of the Yukon, as well as Commissioner Collins. At that meeting the main topic of discussion was the matter of welfare payments to Indian people in isolated areas. The following resolution was passed:

> Be it resolved, in order that the economic welfare of Old Crow, Ross river and such other areas as may be found necessary at a later date, be better secured, it is desirable to pay to each adult Indian or person living the Indian mode of life, who kills a wolf by means other than poisoning and delivers the pelt to the R.C.M.P., the sum of twenty dollars as a rehabilitation measure for an experimental period of not more than three years. The pelt to remain the property of the person killing the animal.

This matter of welfare I have already discussed with the director of the branch, who has been very helpful and who has given me reason to believe that some sympathy, perhaps, exists in the branch for the people of these rather remote areas, and that they may expect some assistance in this regard.

Another subject which was discussed at this same meeting was the matter of the allotment of land. I would like to call to the attention of the minister the fact that the five members of the legislative council of the Yukon were present at this meeting and all these resolutions were passed unanimously, with the exception of the one concerning the re-establishment of the bounty, and that received unanimous consent with the exception of one voice. This resolution concerning land was passed:

> Be it resolved that inasmuch as no treaty exists between the Indians of the Yukon, and the government of Canada, it would seem desirable, with the consent of the Indians of the Yukon, to make some arrangements regarding individual and band land allotments at this time as a measure of security.

This matter of the allotment of land to the Indian people of the Yukon is one which should be of some concern to the minister, as I am sure it is. The time has come when some arrangement has to be made for the Indian people of the Yukon. If it is not the intention of the department to allot tracts of land, which was the normal course followed in other parts of Canada, may I suggest to the minister that consideration be given to setting up band council funds in lieu thereof.

The territorial council at its last session considered these matters, and I have before me a copy of the votes and proceedings of the legislative council which was prepared last year. In debate on the address in reply to the speech from the throne, Councillor George Shaw of Dawson said this:

> Another matter, Mr. Speaker, that I feel strongly about, is the matter of extermination of predatory

animals, more specifically the wolf. I can quite understand how nature balances the continuity of the different species of animals; however, I do not think that nature always takes into account, in its balancing, the effect that man has created in his need of game animals, either for meat or sport. Accordingly, statistics have proven that caribou are very much decreasing in number; the people who feel the impact of this most severely are the Indian population that subsist primarily on these animals for food and clothing, etc. To assist these people, whose very lives depend on these large herds continuing, I consider it imperative that a bounty be placed on wolves. Such an action without question will substantially deplete the wolves in the area concerned; also will assist the Indian trappers in what is now a most depressed industry.

These remarks of Councillor Shaw may be used to point out the present need for consideration being given to the resolution which was passed at the meeting of December 29, 1958, at Whitehorse. Councillor Shaw brought up another matter at the last session of the legislative council when he discussed the education of young Indian people. In this same debate on the address in reply to the speech from the throne, he says:

It is commendable, and I welcome the government's plan, to provide vocational training to the younger Indians; however, it is still necessary that the older members be taken into consideration and assisted in a manner by which they can maintain their self-respect in a type of livelihood with which they are acquainted.

Since the hon. minister assumed office she has caused action to be taken for the construction of a new school at Old Crow. This is extremely commendable. The school is being constructed not only with native materials but with native labour. This will put substantial numbers of breadwinners into this area to work; work which is vitally required at this particular time of the year in view of the fact that in the last year and a half the fur industry has dropped to a new low, thereby severely restricting the range of income which these people have at their disposal. This type of program is recommended for other such projects which are required in other like areas, but in the meantime it is necessary to consider the remoter areas, such as Ross river, and consider the feasibility of following the advice of the legislative council of the Yukon, as well as the commissioner—I may add my own opinion to that—regarding the implementation of these welfare payments in the form of wolf bounties in the remoter areas. This is a new approach to the matter of a wolf bounty. It is not a question of a handout but of a monetary payment in the form of a welfare grant which, at the same time, assists in the control of predatory animals.

I pass on quickly to the matter of children's aid. I believe the hon. minister was presented with a brief by the Southern Yukon Children's Aid Society. This is an organization which was formed recently. When I say recently, I should say in the last three or four years. This organization has done more to alleviate suffering and hardship among the infant population in the Yukon than any other organization of which I am aware. This is an organization which until now has been entirely supported by private subscription; that is to say, it has had no connection with the government. A surprising fact is that 74.6 per cent of the cases that were handled by this society during the period January, 1958 to October, 1958 were cases involving Indian children, Indians of white status or halfbreeds. At the moment this organization is gaining support only by private subscription. The brief which was presented by the children's aid society asked for government financial help. I think, Mr. Chairman, this is a matter which deserves the very special consideration of the minister. I simply quote the last paragraph of the brief which was presented in order to show the need for the immediate consideration of the request made by this organization. It reads:

Though we have never previously requested financial aid from the department, the society now has to request an annual grant, despite generous contributions from the public. Our work has increased four-fold, necessitating additional paid help, rental of an office, and many other expenses. Our whole program is expanding and we will need more financial support from the departments of the government we are serving. The amount we are asking is $3,000 annually. A brief has been submitted to the territorial government requesting an increase in our annual grant, and if we fail in our efforts to obtain these, our treasurer reports that we shall be forced to cease to function after May 1959.

I commend this request to the minister's special consideration, because without such aid the society, as it has said, will be forced to discontinue this work. I know that the minister and all hon. members will agree that this is an effort that is deserving of every possible support.

I should like to conclude my remarks by referring to the minutes of a conference of Indian delegates which was held at Whitehorse on June 10, 1958. I believe the director of the branch, who has done such wonderful work in the Yukon in the last two years, was in attendance at that meeting. The Indian delegates who represented their various bands at this meeting brought up matters ranging from housing, education and aid to trappers, to bounties and refrigeration. In fact, the whole field of Indian affairs was covered. Two or three of the outstanding features of the ensuing brief deserve particular consideration.

One refers to the fact that unemployment insurance is not now available to two classes

of Indian people in the Yukon, and I assume this also applies elsewhere. The first class of people affected are Indian trappers, and the second are those engaged in forest firefighting duties. The Indian people feel that unemployment insurance should be paid to Indian people who are engaged in trapping and firefighting on the same basis as it is paid to those engaged in fishing. They believe that when trappers or firefighters are out of work they are entitled to receive unemployment insurance.

There is one further matter which is of some importance and which I should like to include as having been among the subjects dealt with, at the meeting on December 29, by the legislators of the territorial council. This concerns the need for an Indian placement officer, and a recommendation to this effect was unanimously supported at that meeting. Again I say that this represents the view of the Commissioner of the territory and of the five members of the Legislative Council of the Yukon, in addition to the heads of the two main branches of the church up there, and many other people. Bishop Coudert who is the bishop of the Roman Catholic church in the Yukon, said specifically that there is a need for a placement officer in the Yukon agency. This particular request was also made by the various Indian people who made up the delegation which attended the meeting last July. Bishop Coudert also stated that there is a need for the Indians and halfbreeds in the Whitehorse area to be provided with additional houses. I know that the minister is making progress in this regard, and I should like to commend her on this work.

Bishop Greenwood of the Anglican church reiterated the need for an Indian placement officer. He said, further, that the care of old and disabled Indian people presented a problem. He also expressed the feeling that steps should be taken in order to permit the inclusion in the bands of some illegitimate children of Indian women born between September 1951 and August 1956 in addition to legally adopted children. This is very important because unless these people are classified as Indians they cannot attend the schools set up specifically for Indian children; they are neither white nor Indian as far as the definition given in the Indian Act is concerned. Unless they fall within the definition given in the act they are denied the right of access to the Indian schools. They are also being denied the right of access to the hostels which are being constructed at the moment in Whitehorse, so they cannot come into Whitehorse from outlying points and attend the new schools, because they have no place in which to live.

There is a very pressing need for something to be done about this situation. It is something which requires immediate attention. I think this view has been expressed by Commissioner Collins and by others in the Yukon and I would suggest that the minister give this matter every consideration prior to the opening of these new hostels and the school in Whitehorse, because otherwise these children would be denied the educational facilities which are being provided.

One further thing which came out of this meeting last June at which the director was in attendance was a statement by an Indian delegate that more liaison work could be done with regard to the integration of the Indian people into jobs in industry. This, once again, emphasizes the need for the establishment of an Indian placement officer in the Yukon. It seems odd that there should be more government employees concerned with the administration of forests and wild life in the Yukon than are concerned with the welfare of the Indian people. I trust the situation will not continue to be as it has been over the past 30 years.

With regard to the question of freezers there are, I believe, two freezers being built in the Yukon in different locations, but there is need for one in Dawson. Perhaps I could do no better here than quote from the remarks which were made last June at the conference which was held with the chief of the Dawson band. The latter said this absence of freezer facilities was a matter for regret. Apropos of this, an amusing story was told by Chief Charlie Mason. An Indian agent once had locker-freezers built in two places. One was not a place where a freezer was needed. An Indian from a place that needed a freezer locker said, "Why did you build one in that town?" The agent said, "I made a mistake". The Indian said, "I wish you would make a mistake and build one in our place." Dawson natives hope that soon a mistake will be made and a freezer put in Dawson for the native people commented Chief Mason.

I could do no better than conclude with the words of that chief as set out in these minutes:

> It would seem that the native wants many things. It is true. He feels he has been robbed of his land and his livelihood and not much has been given in return. He feels that nobody cares much for his adjustment to the new way of life. Some people work and help but they have not the money or the time or the authority to do much. The native needs more understanding. We feel we should have an assistant agent living in Dawson who will be with us from day to day. The agent

could help us and teach us better and make us happier. Our people are getting more and more in number every year. The agent should be able to give us help now before the problems get too big.

Chief Mason continues:

Sometimes the agent says he is too busy in Whitehorse to come to Dawson. The department is like the candidate for parliament who visited Old Crow.

I may say that the chief is not speaking about me here, he is speaking about my then opponent.

He got off the plane. He said to the people "I am sorry I am late. For five days there was bad weather." One of the men said, "That is too bad. Did you have bad weather for the nine years before that?"

Mr. Jutras helps us out a lot and is thinking a great deal about us, but the head of his department should give him authority to put a man in Dawson. For too long the government has been away from us and has not come to help us. Mr. Meek was a good agent too, but he needed more help. So we think it is important to have an agent or representative for the agent in Dawson.

I thank you for listening to this our letter from Dawson natives. We hope that you will consider it with sympathy.

These are not isolated ideas, but are common and shared by all the Indian people of the Yukon. The problems have been stated before and I commend them to the minister for her sympathetic attention.

Mr. Hardie: Mr. Chairman, in regard to what was said concerning the people at Old Crow by the hon. gentleman who has just taken his seat may I say that I am sure he knows these people come under the Indian agency which is in part of my riding and I am sure from now on they will looked after properly and very well.

Before the evening recess the minister replied to some of the suggestions I proposed early in the afternoon. I noted that she said there was some merit in the hiring of works foremen in the various settlements in the north. I wonder if the minister would give an opinion as to some of the other suggestions I made. In particular I should like to have her comments on my suggestion concerning the payment of salaries to Indian chiefs who would work in co-operation with the works foremen in selling government policy to the native Indians. I am sure the minister and the officials of the department realize how valuable it would be to have the co-operation of the chiefs in these settlements when projects are undertaken which are aimed at bringing the Indians out of their present condition into a better world.

Mrs. Fairclough: Mr. Chairman, may I interrupt the hon. member. He raised the subject on the first item of this department, No. 56, and I did answer him at that time. True enough, I did not deal with every suggestion he made but I suggest to him that he is now re-hashing an item which has been passed. All of the suggestions he made will be considered by the department.

At this moment, Mr. Chairman, I am uncertain whether we are considering item No. 59 or 60. I thought No. 59 was passed but it appeared to me that the hon. member for the Yukon was directing his remarks entirely to No. 60. Possibly we could straighten that out now.

Mr. Hardie: I do not wish to disagree with the minister or with the Chair but I believe we are considering item No. 59 at the present time.

The Chairman: We are on item No. 59 at present.

Mrs. Fairclough: If we are on No. 59, Mr. Chairman, I should like to answer the hon. member for Bonavista-Twillingate. I thought we had passed that item but since we are still on it perhaps I could tell the hon. gentleman that we can only estimate the backlog of estates. About three years ago there were approximately 9,000 and it has now been reduced to approximately 5,000. I am expressing this in round figures, of course. The hon. gentleman will understand that it is a little difficult for us to arrive at an exact figure. To do so would require careful review of a large number of old estates. Sometimes when a new estate is opened it in turn reflects upon or has some bearing upon an old estate until a few matters are cleared up concerning the old estate, and so on. While not entirely satisfactory the figures show a rather remarkable improvement over the last three years, let us say.

Mr. Pickersgill: The minister is quite satisfied now that she has a good organization for dealing with this?

Mrs. Fairclough: Yes.

Mr. Pickersgill: When I was minister I often said I was thoroughly dissatisfied with the situation and I attempted to do a great deal to improve it. I am glad to hear it is working itself out.

Mrs. Fairclough: I am sure the hon. member will understand that once you start to improve a thing it snowballs—

Mr. Pickersgill: I am only too happy to take the credit, Mr. Chairman.

Mrs. Fairclough: I might say it looks very encouraging now. We are on our way to cutting a large slice out of this backlog and I believe over a period of time it will eventually come down to a much smaller figure.

Item agreed to.

Welfare of Indians—

60. Operation and maintenance, $6,817,932.

Mr. Hardie: Mr. Chairman, I feel that some of the questions I asked this afternoon relating to the welfare of Indians have not been answered and I wonder if the minister will consider this an appropriate item under which to comment on those matters?

Mrs. Fairclough: Mr. Chairman, at six o'clock I checked all my notes and I thought I had answered the hon. member in every respect except in a couple of instances where the hon. gentleman raised questions that obviously I could not answer off the cuff. It is necessary to have consultation with the department on some of these matters. I cannot give him an offhand answer on some of these issues. As far as I am aware I have answered every question he posed that could possibly be answered orally.

I wish now to say a few words with respect to the questions raised by the hon. member for the Yukon who made some serious suggestions. I might tell him the matter of unemployment insurance does not come under the jurisdiction of this department and he will have to raise his questions when the estimates of the Department of Labour are called. We are attempting to have placement officers stationed at all places where they may be usefully employed. We are gradually placing them in areas where they have not been placed heretofore and I hope we will get around to the Yukon shortly.

The matter of co-operation with the children's aid society is under active consideration and I think will come to a successful conclusion very shortly.

Mr. Pickersgill: Is the hon. lady going to tell me about my cash relief, Mr. Chairman?

Mrs. Fairclough: Mr. Chairman, I thought I had dealt with that question early in the afternoon. Perhaps the hon. gentleman would care to repeat his question.

Mr. Pickersgill: If the hon. lady has dealt with it, I apologize. I was out of the chamber for a little while and she may have answered it during my absence.

Mr. Hardie: Mr. Chairman, with all due deference may I say that I was present this afternoon and I cannot recall that the hon. lady commented on several of the suggestions I offered. I should like to have her comments on my proposal with regard to her department supplying to the Department of Transport a list of graduates from vocational training schools who could operate equipment for that and other departments on contract work. I should like to have her speak about my suggestion concerning the payment of a salary to Indian chiefs who would work as, shall I say, straw bosses or assistants to the works foremen. I do not recall that she gave an opinion with respect to my proposal about having the Department of Fisheries conduct surveys on inland lakes to see if they are suitable for commercial fishing by Indians. There was also the suggestion about providing equipment to assist Indians wishing to engage in commercial fishing on Great Slave lake and other related questions.

Mrs. Fairclough: Mr. Chairman, with respect I submit that I did answer those questions in a general way. The hon. member knows that I cannot answer for other departments of government. I did tell him that every suggestion he made would be very carefully considered. Some of the suggestions he made I am sure he himself in all fairness would not expect me to answer immediately without consultation with my department and without full consideration of the implications of some of the rather drastic ones that he did make. As to some of the suggestions he made, I would ask him to give the department a chance to digest what he has asked and not press for an answer now because, in any event, I cannot give an answer particularly to problems which have interdepartmental implications.

Mr. Hardie: Mr. Chairman, I will take for granted that the minister agreed with what I said. I personally did not think that some of the questions, particularly those in regard to employment by the Department of Transport in the filling of vacancies and so on, were answered but I will look forward to reading *Hansard* tomorrow to see what the minister did say in this respect.

Mrs. Fairclough: Possibly I did not answer that particular one, but I can tell the hon. member that this department has circularized to all departments of government a plea to employ Indians wherever possible. We have met with considerable success in a great many parts of the country. I do not think any steps have yet been taken with regard to circularizing subcontractors but we are taking that into consideration. I can assure him that this department is pressing as hard as it can to employ Indians wherever possible in the areas in which they are resident.

Mr. Hardie: I asked this afternoon whether a placement officer would be located in the Northwest Territories.

Mrs. Fairclough: I answered that really when I was answering the hon. member for the Yukon. We are hopeful of placing officers in those various sections of the country as quickly as possible.

Item agreed to.

Economic development of Indians—

62. Operation and maintenance including an amount of $5,700 for grants to promote Indian agriculture, handicrafts and economic enterprises generally, $867,272.

Mr. Pickersgill: The hon. lady knows exactly what I am going to ask her on this item. I want to know whether a successor has yet been appointed to Mr. Mel Jack, and whether she is satisfied with him and what is he doing?

Mrs. Fairclough: Mr. Chairman, I am very sorry to say that there has been no successor appointed as yet. I am most regretful about that. We have held two competitions but, as the hon. member very well knows, this is a position which requires a peculiar kind of specialized background. He was fortunate enough to secure a man who had that kind of background. If he can suggest to me one who can take his place I can assure him that I will treat his suggestion with the greatest consideration because I would like to find someone right at the moment who could really do the job.

Mr. Pickersgill: Mr. Chairman, I can suggest to the hon. lady that she could not do any better than to get Mr. Jack back. I do not know anybody in the country who is likely to do the job better than he did and I would certainly like to see him back there.

Mr. Hees: I can assure you that he will not be back.

Mr. Pickersgill: He will be after a while, but not for two or three years. In the meantime, of course, the hon. lady has to get somebody else. I suggest that probably one of the difficulties is that it is very hard to convince the hon. lady's neighbour who sits in the chair next to hers that an adequate salary should be paid for the position.

Mrs. Fairclough: I would not argue that point with the hon. member, Mr. Chairman, but I think we are agreed on one thing, namely that this is a most difficult post to fill. Now that the hon. member has been answered by the Minister of Transport I think he realizes what I am up against.

Mr. Pickersgill: Quite; I understand.

Mr. Hardie: Mr. Chairman, this afternoon the minister said that her department would continue, regardless of what the Department of Northern Affairs and National Resources was doing, their setup of industrial and economic welfare in the Northwest Territories. She did say at that time that the Indian affairs division could ask for and pay for services provided by other departments in the north. If she is considering the fact that the Indian affairs division will ask the Department of Northern Affairs and National Resources to take over this responsibility of economic development of Indians in the Northwest Territories I would hope that she would make it very plain to the Department of Northern Affairs and National Resources that we do not want any long-haired Ph.D.'s. Make it clear to the Department of Northern Affairs and National Resources that we want practical men hired for these positions, men who will be looking after the welfare and the economic conditions of the Indians in the north, people who have lived with the Indians, know their conditions and are interested in doing something about them, not graduates of the University of Toronto who have never been outside of this so-called inside lavatory age in which we are living, but people who have had some experience in living in the outside lavatory age in which the Indians are living.

An hon. Member: You are hired.

Item agreed to.

Education—

64. Administration, operation and maintenance, $17,734,854.

Mr. Speakman: Mr. Chairman, on this item I would like to do something this evening which nobody appears to have done. I would like to congratulate the minister on the work of her department in education for Indians. I would also like to make just one minor inquiry. In my constituency at the present time a building is almost completed which will contain 166 new classrooms and it is being constructed on the reservation. Many requests have been made for additional school space. I do not see any appropriation set aside either in the minister's estimates or in the estimates of the Department of Public Works. Has any consideration been given to the provision of this additional space on the Hobbema Indian reserve?

Mrs. Fairclough: Mr. Chairman, this really comes under item 65. Would the hon. member wait until item 65 is called? In the meantime I could possibly answer the questions put to me this afternoon by the hon. member for Bonavista-Twillingate with reference to the scholarships scheme. I presume he wanted to know what scholarships had been given and to whom. I wonder whether he would be satisfied, rather than have me read off this long list, if I had the list included in *Hansard*?

Mr. Pickersgill: I would be quite happy about that.

The Chairman: Has the minister permission to have the list placed in *Hansard*?

Some hon. Members: Agreed.

Mrs. Fairclough: The list follows:

SCHOLARSHIPS AWARDED TO INDIAN STUDENTS 1958-59

Name of Winner	Type of Scholarship	Course	Educational Institution	Amount
				$
Joe Louis Bear	Senior Matriculation	Radiological Technician	Regina General Hospital (and Regina College)	1,000.00
Valerie Joy Crawford	Teacher Training	Teacher Training.	Hamilton Teachers' College, Hamilton, Ontario	700.00
Cecilia Curotte	Nursing	Nursing	St. Mary's Hospital, Montreal	500.00
Philomene Desterres	Teacher Training	Teacher Training.	Ecole Normale de Matane, Matane, Quebec	750.00
Woodrow Michael Goodstriker	Vocational Training.	Automobile Service Technology.	Provincial Institute of Technology and Art, Calgary	670.00
Margaret Theresa Gould	Nursing	Nursing	St. Rita's School of Nursing, Sydney, N.S.	500.00
Lena Johnson	Teacher Training	Teacher Training.	Did not enroll Scholarship withdrawn	—
Sally Joy Kennedy	Nursing	Nursing	St. Thomas General Hospital, St. Thomas, Ontario	420.00
Helen Marie Nanowin	Nursing	Nursing	St. Boniface School of Nursing, St. Boniface, Manitoba	500.00
Joseph James Paupanekis	Vocational Training.	Architectural Draughtsman	Manitoba Technical Institute, Winnipeg, Manitoba	750.00
Alice Elsie Pierre	Vocational Training.	Commercial	Did not enroll Scholarship withdrawn	—
Howard Edwin Staats	Senior Matriculation	2nd Year Arts	University of Toronto	1,000.00
Robert Staats	Vocational Training.	Electronics	Hamilton Institute of Technology, Hamilton, Ontario	750.00
Marcel Vollant	Vocational Training.	Radio Technology	Teccart Institute, Quebec, Quebec	750.00
Joanne Wallace	Vocational Training.	Commercial	Fredericton Business College, Fredericton, N.B.	650.00

Mr. Pickersgill: I still hope the minister will say a little about it. Has it been a success?

Mrs. Fairclough: We think it has been a success. The only thing that bothers me about these scholarships is that there are not enough of them. I feel very strongly on this and I have said to many people in important places that there is a great deal of latent talent among the Indians. It is not only talent for administration, for teaching, for nursing, but also for the arts. I have already taken some initial steps which I might say involve merely an approach to individuals.

My hope is that in the next couple of years I will be able to encourage young people to come forward and demonstrate their talents in these fields. I may say that we have already taken steps within the department to instruct our teachers throughout Canada to be on the lookout for special skills and talents so that these young people may be encouraged in their early school years to develop the talents they have been given in order that they may have the same opportunities as children in non-Indian schools across Canada to secure scholarships and other assistance which will further their advance in the field of their own particular aptitudes.

[Mrs. Fairclough.]

Mr. Pickersgill: I think there was another question I asked the hon. lady about school integration.

Mrs. Fairclough: Oh yes. While the officials are looking up the actual figures I might just say that progressively each year more and more Indian students attend non-Indian schools, and we think that the further integration of Indian students with non-Indian students is a progressive step, as I know the hon. member also thought when he was the minister of this department. I do not know whether we have any specific figures which I can give. I find that at the present time there are 8,429 Indian students in non-Indian schools out of a total of 38,836 Indian students. In other words, almost 25 per cent of our Indian students are studying in non-Indian schools.

Mr. Pickersgill: Is that percentage up much from a year ago?

Mrs. Fairclough: Last year the number was 7,330 or 19.5 per cent. I have not figured out this one but at a rough glance it is almost 25 per cent, so we have an increase of 4½ to 5 per cent over a year ago.

Item agreed to.

48. Departmental administration, $774,401.

Mr. Pickersgill: On item 48 I want to ask the minister a couple of questions I overlooked. I promised the minister I would not

make another speech on this item and I do not intend to but there is one question I had intended to ask. There is a press digest put out by the citizenship branch—I was going to call it a publication but perhaps I should not—of the press in Canada other than English and French. I am sure the hon. lady will not have the information here now but on a later occasion I wonder whether she would table information as to who receives this publication and who is capable of receiving it.

Mrs. Fairclough: I would be very glad to. We have had quite a call for this particular publication. I am sure the hon. member knows what would be involved in making it available to a great number of people.

Mr. Pickersgill: I do not think that would be particularly desirable but it is, of course, prepared through the use of public funds. I know that the hon. lady knows that it has the word "restricted" on it. I suppose that merely means that the circulation is restricted, not that security is involved in it.

Mrs. Fairclough: Of course, one of the difficulties is that we do not claim that this is a verbatim translation. It is only a description of what our translators think is meant by the article and any extended distribution would have to be more specific than that. At the present time, if my memory serves me well, it is only a mimeographed sheet. There is a limit to the number of copies you can mimeograph. I will be glad to give the hon. member the information and if he has any suggestions to make we will be very glad to consider them.

Mr. Pickersgill: There is one other question. We were rather diverted when we were considering the citizenship item by some discussion that was not perhaps strictly relevant to it, and I therefore failed to ask the hon. lady, who succeeded in scoring off me a little bit on that occasion, if she would be willing to give the assurance that in such cases as I referred to there would not be deportations in the future unless the circumstances were very exceptional indeed.

Mrs. Fairclough: Mr. Chairman, as the hon. member knows, one of the problems of the department is that once you break a rule you establish a precedent.

Mr. Pickersgill: I know that very well.

Mrs. Fairclough: Where there are humanitarian aspects involved I can assure him that in every case I do a great deal of soul searching about the matter.

Mr. Pickersgill: I am referring only to those cases where young children who are Canadian citizens are involved. As the hon. lady knows, the number of those cases is very small and I really do not think the precedent there is of any importance whatever.

Mrs. Fairclough: I draw the hon. member's attention to the fact that even though these children leave the country they are still Canadian children. They are always Canadian children and they are Canadian citizens. They can come back to this country at any time at all. Just how far one goes in condoning the actions of irresponsible parents I do not know. After all, there are people in this country who blight the lives of their children by their own acts. Just how far we go in forgiving parents for their actions because of the fact that they have small children, I do not know. We do not absolve a man from serving his sentence simply because he has children at home. All these things have to be considered. I know the hon. member will realize that I am speaking very much off the cuff without serious consideration of the problem at the moment, but I can assure him that in every one of these cases very serious and soul searching consideration is given.

Mr. Pickersgill: I should like to say one more word on the subject. I expressed regret and am very glad to repeat the regret I expressed if in any case I was in fact responsible, as the hon. lady seemed to establish I was—I have not been able to look at the files and I take her word for it—for deporting people who were undoubtedly technically deserving of deportation and thereby exiling Canadian children or causing them to be deserted by their parents. However, I do not think we should do that any longer and, as the hon. lady points out, it is precisely because these children remain Canadian citizens that I think it is all the more important that they should be allowed to grow up in Canada. Whatever the balance of advantage and disadvantage may be, if these children are going to remain Canadian citizens as they are, surely it is more desirable from the point of view of Canada that they should be brought up here in Canada irrespective of what rights there may be in the matter.

As I pointed out, after we established assisted passage loans for dependents, it happened a good many times that we discovered in the department that there were cases of children whose parents had been deported in the 30's because they were on relief, who had been brought up in another country and wanted to come to Canada and could not even get assisted passage loans

because, being Canadian citizens, they were not immigrants. Of course, we changed the law and fixed that up.

These cases occur very rarely, as the hon. lady knows. After all, deportation is not a punishment, it is the carrying out of the immigration law. The hon. lady does not conduct trials any more than I did. She reaches an opinion as parliament has asked her to do and deportation should not be regarded as a punishment. It is removing from this country someone whom parliament did not think was desirable as a permanent resident of Canada. I do not question that, on balance, perhaps some of these people are not desirable but if they happen, though undesirable, to be the parents of infant Canadian children who are Canadian citizens it seems to me that the balance should be swung the other way.

Mr. Crestohl: In speaking of deportation, I should like to ask the minister whether or not there has been any change in the procedure with respect to telling a person ordered deported the reasons for his deportation.

Mrs. Fairclough: The deportee knows the reasons for his deportation.

Mr. Crestohl: No, the deportee does not know. I have to respectfully differ with the minister. The reasons why he is being deported are not given to the deportee. I should like to draw to the attention of the minister that this is a serious matter and very serious complaints on this subject were made by the present Prime Minister when he sat on this side of the house, and also by the present Minister of Justice. This was one of their basic and most serious charges against the immigration department at that time. They stated that the failure to give reasons to the deportee caused grave injustice.

I should like, for example, to quote the words of the present Minister of Justice as found at page 1158 of *Hansard* for February 15, 1955. He said:

> There is concern and dissatisfaction not only with respect to the over-all policy of the government relative to immigration, which indeed is difficult to determine, but also because of the practices of the government in administering that department, the result of which is to create injustices, hardship, and inequities.

In speaking of a special case he said that the applicant had a right to know the reasons for the refusal to admit his relative. If the minister will permit me—

Mrs. Fairclough: May I just interrupt here for a moment, if the hon. member will permit. This is precisely the point I was about to make. He is talking about admissions, which is an entirely different thing from deportation. On deportation, it is true that in some cases the evidence is not spelled out completely but the deportee knows under what section of the act he is being deported.

Mr. Crestohl: I apologize to the minister. There is a difference between not giving reasons to a deportee and not giving reasons why a relative is not admitted into Canada. Has there been a change in the regulations whereby the department tells the relative in Canada, the Canadian citizen who is bringing someone to Canada, the reasons why the relative is not admitted?

Mrs. Fairclough: No, there has been no real change yet, although the matter has been under intensive study ever since this government came into power, but it is a most complicated and difficult problem. I believe that in many of these cases the applicant for admission to the country knows the reason for refusal. In some cases, it is possible to tell the sponsor that the applicant knows the reason and if he will ask the applicant for the reason he can tell him. Sometimes the applicant is not willing to divulge to his sponsor what he knows to be the case, and over that we have very little control.

Mr. Crestohl: I must again respectfully differ with the minister; that is not the fact as I have learned in some cases. I shall again quote the words of the present Minister of Justice as found at page 7162 of *Hansard* for August 7, 1956, when he made this very direct statement:

> I refer, of course, particularly to the refusal of the department to inform prospective immigrants who are rejected of the reasons for their rejection, which practice is carried over in a number of cases to a refusal to inform people who land in Canada and against whom orders for deportation are made of the reasons for those orders. We have said before and we say again that this practice is absolutely unjustified, that it is contrary to the principles of justice upon which this country's system rests.

That was the position taken by the Minister of Justice at that time. I have similar quotations from the Prime Minister. I agree with the statements made by the Minister of Justice and the Prime Minister when they sat in opposition. I want to know if, since they now have the power to remedy these defects which they did not have when they sat in opposition, anything has been done in that direction?

Mrs. Fairclough: There are two things I should like to say. First of all, in making these remarks when this party was in opposition the present Minister of Justice did admit in this house that he realized it was a very serious and complex problem. When

he came into the government he was Acting Minister of Citizenship and Immigration in addition to being Minister of Justice. One of his first acts was to set up a committee to study this matter.

I dealt with this the other day when we were on citizenship—I do not know if the hon. member was in the house at the time—and I did say with regard to establishing judicial or quasi-judicial boards that the question was still being considered. It has been considered by a cabinet committee for some time now but a definite decision had not yet been reached. I can assure my hon. friend it is a matter of great concern to this government. We are considering it carefully and we hope we will arrive at a solution to the problem. However, I am sure that like the Minister of Justice my hon. friend will agree with me that it is not a problem easy of solution.

Mr. Pickersgill: I am pleased to hear the hon. lady say that, and she would not expect me to sit here without saying a word about it. While the Minister of Justice did, on one occasion, after I had made a patient explanation, say that it was a difficult problem, no such admission was ever obtained from the Prime Minister, who used far more extreme language about the inhumanity and the brutality of the administration when I was minister. I am very glad to hear the hon. lady say that under the Prime Minister's leadership the same inhumanity and brutality are still being practised.

Mrs. Fairclough: That I do not concede.

Item agreed to.

Mr. Pickersgill: It is true, just the same.

NATIONAL FILM BOARD

234. Administration, production and distribution of films and other visual materials, $4,361,772.

Mrs. Fairclough: Mr. Chairman, on August 28 last when I presented the estimates of the national film board for the current year, I gave the house figures concerning the distribution activities of the board in 1957-58. These figures appear in the annual report for 1957-58 which I tabled at the opening of this session.

Concerning the distribution of Canadian film abroad, I should like to mention that a senior representative of the national film board recently visited Central and South America. While there he had the opportunity to meet the heads of posts in that area at a meeting which was held when the Secretary of State for External Affairs was in Rio de Janeiro in November. The chairman of the national film board has just told me that as a result of the trip a number of interesting opportunities for the expansion of Canada's information program in Latin America through the distribution of films are being studied in co-operation with the Department of External Affairs.

In the parliamentary appropriation presented for your consideration two-thirds of the increase is required to cover the additional cost of maintaining existing activities and the balance represents the cost of extension of activities and new projects. In December last I had the opportunity of spending a full day at the national film board's operational headquarters in Montreal. I was very much impressed with what I saw and, on behalf of the board, I should like to convey to the members of this house an invitation to visit the Montreal premises. I hope that time may be found during this present session for one or several groups of members to go to Montreal for this purpose.

(Translation):

Mr. Rouleau: Mr. Chairman, last year I invited the hon. Minister of Citizenship and Immigration (Mrs. Fairclough) to visit the beautiful and great riding of Dollard at the time she called at the national film board offices. She now tells us tonight that she did come to my constituency to visit those buildings and even kindly asked hon. members to do likewise.

I take this opportunity on my own behalf, as member for Dollard, to invite all hon. members to meet me when they visit the national film board offices. This will give me an opportunity to show them the beauty spots in my riding.

(Text):

Mr. Chairman, the role of the opposition, as I understand it, is to scrutinize, and then scrutinize again, the acts of the government and of the different branches of the government. It is also the role of the opposition, to my mind, to criticize the government when criticism is justified. It is also the duty of the opposition to make suggestions to the government, on occasion suggestions which do not seem to be taken into consideration by the present government.

However, I find myself tonight in the pleasant position of going on record as commending the national film board for the excellent job they are doing. In studying the estimates of the national film board I find no room for criticism. The board, as I said, is doing a very excellent job, and I wish tonight to congratulate the film board commissioner and the members of his staff for their achievements in recent years. In going through the last annual report of the national film board I noticed with satisfaction an increase in production. Eighty more films

have been produced, bringing the total of films produced to 225. There is also an increase of 1.5 per cent of film processed; and there also has been an increase in personnel. I have noticed with great satisfaction from the annual report of the national film board that the board has received in the last year 27 awards across the world. This should be a matter of pride not only to the hon. minister responsible for the national film board and the chairman of the board, but also to those who have produced those films and the people of Canada at large. I would ask the hon. minister and the commissioner to express our appreciation to the members of the staff of the board.

During a visit he made to the national film board, His Excellency the Governor General of Canada said:

> The national film board does, and must, I feel, play a vital part in making Canadian conscious of their country and what is going on in it.

I am convinced that hon. members of this house will bear me out when I say the board is doing a very excellent job in achieving the aims proclaimed by His Excellency. I am not always in agreement with the hon. lady in her actions or speeches, but I want to praise her tonight for continuing to give her good support to the film board, as was so well done by her predecessor, the hon. member for Bonavista-Twillingate.

(Translation):

As I said at the beginning of my remarks, Mr. Chairman, last year I invited the hon. minister to come and visit the constituency of Dollard. I was glad to learn tonight that between the sessions she visited the national film board. Let me extend to her the same invitation this year. I hope she will come back to the national film board, and that I shall have the pleasure of welcoming her personally in the constituency of Dollard. The hon. minister may rest assured that she will not be resquested, as was done elsewhere, to go jump in the lake, because there is no lake in the constituency of Dollard. Besides, all the citizens of the constituency of Dollard, including its representative in the house, have much regard for the hon. minister. And if it should happen that, during the hon. minister's visit to Brantford, she was thrown into the lake, I would be one of the first to go to her rescue, as I would be one of the first to make sure she is quite alive, so that she might look after her department. But, Mr. Chairman, I would also be the first to keep putting questions to her about the administration of her department. And while I am on the subject I should like to ask a few questions in connection with the administration of the national film board.

[Mr. Rouleau.]

During the dispute, which was fortunately settled recently, between C.B.C. producers and the C.B.C., television fare throughout the strike consisted of films, produced here and there, which were purchased by the C.B.C. French network, to be shown later to the people of Canada. I do not know how many films were bought from the national film board, so I should like to ask her: how many films were bought from the national film board?

The national film board has produced some excellent French films and I would ask the minister if the necessary steps were taken to sell as many films as possible to the C.B.C. so they could be shown over its French network.

I was saying a moment ago that I do not always agree with the actions and statements of the Minister of Citizenship and Immigration. I had occasion, a few weeks ago, to voice a vigorous protest against a speech the hon. lady made in Toronto, in which she said that our national anthem is not "O Canada".

(Text):

Mr. Johnson: On a point of order.

(Translation):

Mr. Rouleau: Mr. Chairman, if the hon. member will arm himself with patience, he will see that I am perfectly right, and also in order, because I want to suggest to the Minister of Citizenship and Immigration that she ask the directors of the national film board to do whatever is required to produce a film about our national anthem "O Canada".

(Text):

Mr. Nesbitt: Mr. Chairman, I just have a brief question I would like to put to the hon. minister. About two years ago when these estimates were before the house I raised the question of the possibility of the national film board filming a play called "Patriots", written by a prominent Canadian author, Judge Eric Cross of Woodstock. I might say the play is required reading in the public schools of Ontario, and it concerns the period in Canadian history from 1837 to 1848. It is a remarkable play in many ways, chiefly because it is historically accurate and it is also very good theatre. You do not often find this combination in many historical plays. At that time the then minister said he would recommend my suggestion to the national film board. I believe a year later I again raised the question, and I understand at that time that negotiations had been going on with Judge Cross for the purpose of producing the play. Since then I have not heard very much about it, and I was wondering if the hon.

minister could tell us whether they are going to produce it, or what the state of things is in this matter.

Mr. Herridge: Mr. Chairman, I want to say a few words on this item. First of all, I give my support to the words of commendation for the work being done by the national film board, as expressed by the hon. member for Dollard. I am sure there is a growing recognition and understanding of the work which is being done by the national film board and of its value to Canadians generally, particularly in the production of these very excellent documentary films which are making it possible for Canadians to know Canada much better, both its history and geography, and also making it possible for persons living in other countries to know Canada.

As far as my own constituency is concerned, the film councils are increasing in membership and activity, and undertaking more work every year. I must say to the minister that the work of the district representative of the national film board for the Kootenays, whose headquarters is in Nelson, is very much appreciated by the members of the various film councils and also by people living in isolated and small communities for whom the national film board provides an excellent service. I have some very small and isolated communities in my constituency, and the only films and documentaries which they have the opportunity of seeing are those which have been made available by the national film board. I have been asked by a number of organizations, including some of the churches, the Canadian Legion, and some of the women's institutes, to express appreciation of the work being done by the national film board both in the production of these documentary films and also in the work which is being done in the district and the co-operation received from the representative of the board in the Kootenay area.

I cannot sit down without talking very parochially, as one of the pressmen said of me on one occasion. I intend to make some remarks directly related to some propaganda for the area in which I live. There is a great interest in the Columbia and Kootenay regions in the documentary film which it is proposed to make in this area. I hope that when the minister replies to the questions raised by hon. members she will be able to give some fairly accurate and detailed information as to what the board is proposing in this direction, because this documentary film to be made of the Columbia river basin provides the greatest opportunity the board has ever had in Canada. There we have a region of 40,000 square miles with an unusual history and unusually beautiful scenery—mountains, valleys, lakes and rivers. This region has a most interesting history with respect to early navigation, both by the Hudson's Bay Company, later by the stern wheelers, and still later in connection with the lumber and mining operations in the district. The region has a most interesting history with regard to the development of mining, the development of smelting, and the tremendous growth of the forest industry.

Anyone who looks for them will be able to find some particularly interesting small communities—beautiful small communities located on the Kootenay and Arrow lakes as well as on various parts of the Columbia and Kootenay rivers. These communities would provide charming opportunities for producers of the national film board. I hope, too, that when the producers of the board—those who plan these things—are arranging the content of this film they will consult with the provincial organizations—the British Columbia historical association, to name one—and with the local historical societies. I also suggest that if they wish to get a little colour into the film they should consult with a few people of ancient vintage who live in the Columbia basin and thus get in touch with those fast disappearing "characters" who are required to make any film particularly memorable and striking.

I must repeat that the people of our district are looking forward to the production of this film. All the local organizations are willing to co-operate in any way they can in what, I have no doubt, will turn out to be the greatest and most successful venture ever undertaken by the board in the realm of documentary films in this area.

Mr. McGee: I am wondering whether the minister will say a few words when she replies about comparative costs in the film industry today. If my impression is correct, it seems to me that when the national film board was first established there were very few criteria available in Canada on which to compare the cost of producing films in various circumstances. Now, however, there are in existence outstanding film companies as the Crawley Film Company, the Fletcher Company and numerous others who are doing important and good work in the film field, and I wonder whether any attempt has been made by the minister to compare the cost to the government and to the taxpayer of the operations of the national film board as compared with the operations of such private companies as I have mentioned.

Mr. Crestohl: I wonder whether the minister, when she rises to reply, could inform the committee to what extent documentary

films of Canada are in the possession of our missions abroad. Some days ago, at a meeting of the commonwealth parliamentary association, we were shown some beautiful films of life in Australia and we are to be shown another one shortly about Africa. These films from other countries, shown by their missions to parliamentarians in Canada do make an impression, and I should like the minister to say to what extent Canada is doing the same thing through our own missions abroad. Such films would, I am sure, prove of great value to our country and perform an important service.

Mr. Pickersgill: Before the minister rises there is one question I should like her to answer. Could she tell the committee what has happened to a film which was made on the United Nations Emergency Force by the film board in co-operation, I believe, with the United Nations?

Mrs. Fairclough: Perhaps I could answer some of these questions. In the first place, may I thank all those hon. members who have paid compliments to the film board, to its staff, and in some cases even to the minister.

I should like first of all to answer the question put to me by the hon. member for Dollard and tell him that during the recent strike of some employees of the Canadian Broadcasting Corporation the film board not only made no effort at all to sell films to the C.B.C. but, figuratively "bent over backward" in order not to become involved in the difficulties which had arisen. The only films which were sold to the C.B.C. in that period were those in respect of which there were existing contracts on a continuing basis. In all other respects the film board tried to avoid becoming involved in this dispute.

The hon. member for Oxford asked me a question relating to the play written by Judge Cross. I am sorry, but we do not have any specific information with reference to this. My officials are unfamiliar with it. However, I can tell the hon. member that a historical series has been started and that the first film will be completed in a few weeks. The subject is Lord Elgin.

I have some good news also for the hon. member for Kootenay West, namely that the cost of the script and of the necessary research in connection with the film to be made in his area has been included in this year's estimates. We hope that all the research will be completed this year, and the script written. We hope to have the film in the estimates for 1960-61. I can also assure him of something I imagine he already knows, that is, that the producers and the staff of the film board are very resourceful people, and I am sure they will find most of the colourful figures in the hon. member's district. It might even be possible that they will call on the hon. member himself, though I can hold out no real hope that he will appear in the finished product.

Some hon. Members: Hear, hear.

Mrs. Fairclough: The hon. member for York-Scarborough asked me a question with respect to comparative costs, and I can tell him now that the film board at all times carries on a policy of comparing costs as between operators in Canada from whom quotations are received and the board's own costs. This is a problem with respect to various departments of government. In some cases a department of government will ask for a film to be produced by a specific producer in which event arrangements are made to have it produced. In other cases for the purpose of establishing costs, if producers wish to present their costs they are compared with the costs of the department. There is a constant study going on with regard to comparative costs. If the hon. member is interested in any specific case I am sure we could supply him with the information if he would apply to the department.

The hon. member for Cartier asked with reference to the films that are shown at our missions abroad. I should like to refer him to page 36 in the annual report in which there is a record of the number of showings of our films abroad, the countries in which they were shown and the attendance at these showings. It is very illuminating. I do not propose to put the whole table on the record but I might point out that the total number of showings abroad was 213,655 in the fiscal year ended March 31, 1958, and the aggregate attendance was 21,008,919. These are films obtained through our embassies abroad. I have been in a few of the offices of our missions abroad as I am sure the hon. gentleman has and there is a sizable stock of films on Canada there available for showings when opportunities arise.

The hon. member for Bonavista-Twillingate asked me about the United Nations film. As the hon. gentleman knows, this film was made by the national film board for the United Nations as a joint venture. As a matter of fact I believe the United Nations was about to send their own people into the field when they realized that the national film board was already on the scene and so they commissioned the film board to make the film. It is in the custody of the United Nations as regards its distribution. I have no information other than that. It has not been released to date and permission has not been procured for its release.

Mr. Pickersgill: Would the hon. lady tell us how much the film cost the Canadian taxpayer, if anything, and whether or not any recent efforts have been made to secure the film from the United Nations for distribution in Canada? It seems to me that if it was made by the film board, even if the United Nations is not particularly interested in it, Canadians would very much like to see it. I know I would myself.

Mrs. Fairclough: As a matter of fact, Mr. Chairman, I do not think we are in a position to run counter to the wishes of the United Nations with regard to the release of the film. I am not in a position to answer for the Department of External Affairs and I believe that question might more properly be asked of the Secretary of State for External Affairs. Certainly we are in no position to distribute the film independently of the wishes of the United Nations in that regard.

Mr. Pickersgill: May I pursue that a little further. Could the hon. lady say if permission was sought and refused at the United Nations or if no steps have been taken in the matter. It seems a rather odd thing that a film made by the national film board of Canada would be censored by the U.N. Since this was one of the undertakings of the film board surely it is something of which we ought to have an account.

Mrs. Fairclough: That might appear to be so. The cost of the film which was assumed by the film board for its activities was $42,460.71. That is not the total cost because some of it was borne by the United Nations. Application has been made through the Secretary of State for External Affairs to the United Nations for reimbursement of this amount. In the meantime the film does not belong to the film board it belongs to the United Nations and I am afraid it is much more a problem for the Department of External Affairs than for the national film board.

Mr. Pickersgill: The hon. lady has much more opportunity of talking to her colleague the Secretary of State for External Affairs than I have as a humble member of the opposition and I wonder if she would be so kind as to speak to the minister about it and ask him if he would not make some effort to see that this film is exhibited in Canada so that the Canadian taxpayers would get some value for this money. In my view that would be the most sensible way of doing things. It seems rather odd that we would have no proprietary interest in a film on which we spent over $42,000.

Mrs. Fairclough: I should be very glad to speak to my colleague.

Mr. Nesbitt: Mr. Chairman, I was standing behind the curtain and could not help but overhear the subject being discussed. It so happens that about a year ago I was acting as vice-chairman of the Canadian delegation to the general assembly of the United Nations. At that time this matter was discussed not with me but among senior officials of the United Nations. I do not think hon. members of the committee would expect me to divulge names at this time but for information of the hon. member for Bonavista-Twillingate may I comment that it was felt there were certain parts of the film that might possibly cause ruffled feelings among some of the countries concerned and that it might be more advisable in the interests of goodwill and amity among countries of the United Nations if the film were submitted to further editing or released at a later date.

I do not think I need say more at this time. A few members of the Canadian delegation were invited to a showing of the film. I saw the film myself and thought it a splendid one. From the point of view of photography and production it was an excellent film indeed but I would agree with the members of the staff of the secretary general that at the time it would have been unwise, possibly, to release it because, as I believe the hon. gentleman could well imagine, it might have in some countries caused hard feeling—or let me put it this way, it might have rubbed salt in the wounds—after the Suez affair. No doubt it will be released at a future date.

Mr. Pickersgill: Mr. Chairman, as everyone knows I have the greatest possible respect for the hon. member for Oxford but I cannot say I have the same respect for the argument he has just made. If the Canadian taxpayers have spent over $42,000 for this film it does not seem to me that because it might injure the susceptibilities of someone else in some other country it should not be exhibited in Canada. I believe the government should either get the money back if this censorship is going to continue or follow the course that I think would be preferable and get some prints of the film to exhibit in Canada.

Mrs. Fairclough: Mr. Chairman, on the surface what the hon. gentleman has just said appears to make sense but in the contract which was drawn copyright was vested in United Nations and I am afraid until such time as they give permission for the showing of the film there is not very much we can do. Personally I would like to get back our $42,000 as I am sure the film commissioner would also.

Mr. Pickersgill: Mr. Chairman, perhaps if the hon. lady could get back the $42,000 she should apply it on one of these pictures that she seems to get into such difficulties about.

Mr. Rouleau: Mr. Chairman, I noticed that in the answers to various questions asked by hon. members the minister did not answer one of the questions I put to her. It is possible that she did not fully understand my question or it may be that she did not take it seriously. I shall repeat my question to the minister. I wish to ask her if she is contemplating instructing the board to produce a film based on our national anthem, "O Canada"?

Mrs. Fairclough: Mr. Chairman, the minister does not instruct the board.

Mr. Rouleau: Can the minister make a suggestion? Is she responsible for the film board?

Mrs. Fairclough: The minister answers to parliament for the national film board but it is an autonomous body. The minister does not direct the activities.

Mr. Pickersgill: I am afraid the hon. lady has not read the act because when I was administering the act I did read it. She is completely wrong about that. It is quite different from the C.B.C. Under the National Film Board Act the minister is responsible for and directs the activities of the board. I cannot recite the precise language, but if the hon. lady will look at the act she will find that she is fully responsible for all of its activities and has to answer for all of them.

(Translation):

Mr. Pigeon: Mr. Chairman, I just want to ask the minister a question. Would the hon. lady tell us the number of films produced by the national film board in each province during 1958? I just want the total for each province.

(Text):

Mrs. Fairclough: Mr. Chairman, we do not have those figures here. We shall be glad to make them available to the hon. member tomorrow.

Mr. Richard (Ottawa East): Mr. Chairman, I listened with a great deal of interest to all of the remarks and I think it is well to heap congratulations on the board, and I must say that as one of those humble citizens who has to stay home with the children at nights I find the films of the national film board most educational and as interesting as any others that are shown. What prompted me to rise was the fact that some hon. members made suggestions as to the type of films which should be produced and shown.

As a humble citizen of the city of Ottawa I am aware of the fact that we spend a great deal on the national capital plan and on publicizing our capital. I believe at this time the minister—and I think she has the authority to do this—could suggest to the film board that we should have a full-length film about our capital, about its origin, about its people from the days of Bytown to date, not a short but something active. I think that that type of film would appeal to the whole of Canada and would be of much greater value in publicizing our capital than anything else we have produced to date. This is a short story and I do not think it is compromising. I think all hon. members will realize that there is no more beautiful city than Ottawa because it is the city of everybody in this house. If it is not better it is because we have not all put our shoulders to the wheel. Let us all get together and get a real full-length film of the history of the capital and when it is produced show it everywhere.

Mrs. Fairclough: I think the hon. member has just put his finger on the crux of the problem with regard to instructions, suggestions, policy and so on. I shall be very glad to pass his suggestions along to the film board but, as I said before, I do not have the power to instruct the film board to make any specific film and I know that was not what the hon. member asked me to do. The act, which I have in my hand now, says that the minister shall control and direct the operations. For over-all policy that is true, but for the actual process of producing this and that the minister does not interfere. I will be glad to make the suggestions.

Mr. Richard (Ottawa East): I know that at least the minister's ears are sympathetic and I also know that in this very room at least there are strangers who have ears and who will also listen to what I have said.

Mr. Rouleau: In the light of the answer given to the hon. member for Ottawa East, would the minister be ready to pass along to members of the board my suggestions concerning a film based on "O Canada" as our national anthem?

Mrs. Fairclough: I am sure I do not need to assure the hon. member for Dollard that the ears of the officials are always open to suggestions.

(Translation):

Mr. Boulanger: Mr. Chairman, I notice that the minister seems very favourably disposed and seems prepared to give earnest consideration to the requests of the members for Dollard (Mr. Rouleau) and Ottawa East (Mr. Richard). I would also like to suggest that our distinctive flag be shown when the film just mentioned by the member of Ottawa East is produced.

Mr. Pigeon: Mr. Chairman, I have a suggestion to make to the national film board authorities. I want to ask them if it would

be possible to produce a film showing the work done on the St. Lawrence seaway, and to be sure not to forget the locks on the Welland canal.

(Text):

Item agreed to.

NATIONAL GALLERY OF CANADA

236. Administration, operation and maintenance, including grants as detailed in the estimates, $879,640.

Mrs. Fairclough: If the Leader of the Opposition will permit me, I have a short statement I would like to make with reference to the national gallery.

It has been known since the spring of 1955 that the national gallery would move to the Lorne building some time during 1959. It is now confirmed that the move will take place on or about September 30.

The move to the new building will have a number of important results in terms of services to the public, both Canadian and tourist. All of the important works in the collection will be on public view; there will be space, at last, to show and properly to house the print and drawing collection, which is one of the finest in terms of quality in North America; there will be sufficient room to show a reasonable proportion of the war collections; all the important works in the sculpture collection, which is a small one, will be on view. We will have our own auditorium and we will be able to present a greatly increased and far more systematic program of public lectures, film programs, and so forth. There will be sufficient space for the scientific and conservation laboratory to develop and expand into a truly national service; the design centre will return to its old site at the corner of Albert and Slater; the library and photographic library service will have sufficient space for these services to operate at a level worthy of a national gallery; the workshop area in the double basement will allow the extension and travelling exhibition services to operate with proper efficiency. Perhaps the greatest gain of all is that special exhibitions can be mounted without displacing the permanent collection.

The prospect of the move to a new building has affected the work and program of the gallery profoundly over the past four years. The staff has been slowly increased—it is now almost double what it was in 1955—as people could be found and trained for both the increased curatorial work which will result from a much greater proportion of the national collection being on public view and also to deal with a greatly expanded extension program serving some 120 centres across the country.

Mr. Pearson: Mr. Chairman, the committee, I think, will have learned with satisfaction of the progress made in the transfer of the gallery to its new building, a project which was initiated, as the minister knows, some few years ago before she was so happily in charge of the department.

While I congratulate the minister on that progress report, I am afraid I cannot congratulate her in regard to a matter which I wish to bring up at this time, undoubtedly not to her surprise, and which is concerned with the possible purchase or negotiations for the purchase of a picture for the gallery, a Breughel.

I think I should begin by pointing out to the committee that I believe the minister was not in charge of the department after the change of government when negotiations for the purchase of this picture began, and therefore she does not have any direct responsibility perhaps for the sorry, unhappy ending of these negotiations. I have had the opportunity of making some investigation into this matter and, as I have just said, it is a confused, unhappy situation which brings no credit to the government and which, on the contrary, has resulted in a good deal of discredit to the government and to the name of Canada in those circles which are concerned with art matters.

What I am dealing with is not the desirability or otherwise of spending a large sum of money at this time for the purchase of a picture, however rare and beautiful that picture may be. The question at issue is the way in which this matter was handled or rather mishandled, as I see it, by the government. The reply by the minister, to be found on page 1364 of *Hansard* for February 25, to a question put on the order paper by the hon. member for Bonavista-Twillingate concerning this matter certainly does not mitigate the complaint that we have to make with regard to the way the matter was dealt with.

If I am inaccurate in giving my account of these negotiations no doubt the minister, who has the records at her disposal, will correct me. As I understand the situation, the first contact between a representative of the gallery and the agent for the owner of the picture, a landscape by Breughel, was made on January 4, 1957, when the gallery became interested in what perhaps is one of the finest pictures of its kind in the world and one of the very few pictures of this artistic value which was open for purchase. I believe that in January of 1957 a value of approximately $500,000 was placed on the picture by the European owner.

A good many months later, on October 22, 1957, after the election of that year, I believe

the owner of the picture or the agent of the owner was informed that the trustees of the national gallery, who would naturally have to pass on any purchase of a picture of this kind or any other kind, were interested and I believe the director was authorized at that time to pursue the matter further and no doubt report back. I am informed that in October of 1957 the amount involved was far beyond the appropriation of the national gallery.

However, in December, 1957, the officers of the gallery, no doubt with authority, pursued the question of price with the owner or the agent of the owner of the picture. I am informed that in January, 1958 the agent for the owner of the picture was told that the trustees of the national gallery of Canada had unanimously expressed the intention to acquire this painting if negotiations could be satisfactorily concluded, that negotiations then began with the owner or agent on the question of price and that late in January, 1958 the owner was then informed that there would be a delay because of the political situation in Canada and the approach of an election and nothing could be worked out very quickly on that account.

But in February the agent did learn that the trustees were pursuing the matter of the purchase and that question was before the government at that time for a definite opinion on whether or not the picture should be bought. Then, toward the end of April the owner or agent was informed that the trustees of the national gallery had agreed on a figure which, if other aspects of the matter could be cleared up, might be offered to the owner, that figure being $350,000, well below the amount I have quoted as being the value placed on the picture some time earlier by the owner. It was considerably less than that earlier value.

I have already referred to the answer given by the minister to the question asked in the house. As found on page 1364 of *Hansard* the minister made this reply:

> —the board of trustees of the national gallery had asked—

Presumably had asked the government.

> —for "authorization to negotiate for the purchase of the Breughel owned by Baron von Polnitz". At the same time the trustees asserted that the necessary funds had been appropriated and were available for the purchase. This statement was confirmed by the director of the gallery.

I gather from that that the government got their information as to the availability of funds for this picture not from any treasury board authority, not from the Department of Finance but from the officers of the national gallery, from the director and trustees of the national gallery. Having received their information not from treasury board but from the trustees and the director of the national gallery, according to the answer to this question, that money was available, on the basis of that information the cabinet on May 2 authorized the Acting Minister of Citizenship and Immigration to give permission to the director to proceed accordingly. Apparently, by that it meant to proceed with the negotiations for the purchase of the picture.

I am informed, Mr. Chairman, that on the other end of the deal a very different understanding prevailed. I am informed that the agent for the owner was told by the director of the gallery that he was authorized, not merely to negotiate as stated in the answer to this question but to make an offer of $350,000 for this picture, presumably on the understanding that this money was available, on the basis of information secured from the gallery itself and not from the treasury board or the Department of Finance or the other authorities of government which might be expected to know.

He was authorized to make an offer, authorized by the government to make an offer of this amount without any strings attached, with payment to be made on delivery of the picture sometime after May 12. The agent was asked, as a matter of urgency, to get a reply from the owner. He got in touch with the owner on May 3 and the owner assumed that this was an offer made in good faith, a valid offer, without any strings attached. The owner accepted the offer and the agent wired the director of the gallery accordingly and requested, I am informed, written confirmation.

Then on May 5 the director of the gallery told the agent that he would send a purchase contract in a few days and payment would be made. There would be a little delay in making payment because it would have to wait until after parliament convened, but that would be a mere formality. Then three days later the director, after all these negotiations had been completed, informed the agent that there would be difficulty in regard to the financing of this picture because the cabinet had authorized this firm offer on the understanding that the money was readily available from some fund which was in existence for the purchase of pictures from the Liechtenstein collection. Now they discovered, after this firm offer had been made, that there was no such money readily available from that fund. The agent was informed that it was hoped this difficulty would soon be cleared up and the contract could be signed.

It was not until four or five days after that, on May 12 or May 13, that finally the agent for the owner of this picture was able to see the minister concerned, and the minister then explained that this was all very unfortunate; that there had been a misunderstanding; that the money which was thought to be available was not available and therefore the deal, if I may put it this way, was off and no purchase would be made.

Now, Mr. Chairman, that, according to my information, is an account of the events leading up to the decision of the government, first to authorize the firm offer and eventually to withdraw that firm offer and tell the owner of the picture that the deal was off. Perhaps in the present circumstances it was a very wise decision not to spend the money for the picture at this time—I am not qualified to judge—but surely, the way this was done reflects no credit on anybody concerned with it. I am sure it has given Canada a very bad name in circles which deal in art matters. Perhaps this may not be of any immediate importance to Canadians but it will do Canada no good in future when we wish to add valuable pictures to our national gallery.

Perhaps I could complete this sorry record of mishandling by asking the minister, who would no doubt wish to reply to what I have said, whether at any time the owner has, since this date I have mentioned of May 13, asked for an interview with the Prime Minister or any minister to get an explanation why this matter was handled in this way? Has the minister any other information she could give to us about this matter which, as I have already said and I repeat, was an unfortunate example of confusion, fumbling, bumbling and mishandling.

Mrs. Fairclough: May I preface my remarks by saying I have no apology to make for the action of the government with regard to this particular matter. The Leader of the Opposition has seen fit to read into the record his own assumptions with respect to what might have taken place in the negotiations for the purchase of the Breughel. I made my statement in the house, as he has said, on February 25, after due consideration. I should like to quote the last two paragraphs of that statement in which I said:

> It is clear that no authority existed to make a firm offer or enter into a contract for this purchase by the national gallery or the government of Canada or anyone on its or their behalf. The Financial Administration Act specifically requires that there be an appropriation provided by parliament for the purpose before a contract can be made.
>
> It is reiterated that the authority asked for was to negotiate. Although granted in the first instance this was immediately revoked as soon as the lack of appropriation was revealed.

The Leader of the Opposition has been at some pains to castigate the government for its lack of knowledge of what funds had been appropriated. But the Leader of the Opposition has been a minister of the crown as well as a deputy minister, and I think he knows that the minister relies upon information which is given to him by his officials.

Mr. Pearson: I also know that the minister takes responsibility for all acts of his officials.

Mrs. Fairclough: That is all well and good; then, is the Leader of the Opposition suggesting to me now that he is castigating the government or is he casting reflections upon the director of the national gallery or upon the board of trustees?

Mr. Pearson: I will answer that question. I am casting reflections upon the government which must take the responsibility for the way these negotiations were conducted. Perhaps the minister, if she thinks my information is wrong, will table all the correspondence in connection with this matter, all the letters, telegrams, records of telephone calls and any material which will throw any light on this situation?

Mrs. Fairclough: If the Leader of the Opposition wishes to request in specific terms what he requires to be tabled we will be glad to look into it. I would say to him that because of his long experience in government, both as a civil servant and as a minister of the crown, he knows very well that the government has no power to spend funds which have not been appropriated.

Mr. Pearson: They should find that out.

Mr. Pickersgill: The minister should know that before making any commitments.

Mrs. Fairclough: There was no appropriation and, as the Leader of the Opposition stated, this did not happen during my term of office. I will say that I would not condone the expenditure of funds and I would not ask parliament to provide funds to cover up a fiasco like this.

Mr. Pickersgill: May I call it ten o'clock?

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I could ask the leader of the house what the business will be for as much of next week as he can forecast now?

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, for tomorrow first of all.

Business of the House

Mr. Green: Mr. Speaker, tomorrow we shall continue with the estimates of the Department of Citizenship and Immigration and then take those of the Department of Agriculture. On Monday there will be a motion to go into supply. On Wednesday we are asking for interim supply, and there will also probably be supplementary estimates to be considered at that time.

Mr. Pickersgill: Is that all that is contemplated for Wednesday?

Mr. Green: Judging by the remarks of the hon. member for Bonavista-Twillingate I contemplate a little trouble.

It being five minutes after ten o'clock, the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

EDUCATION OF INDIAN CHILDREN

Question No. 130—**Mr. Howard:**

1. Pursuant to section 113(1) of the Indian Act, have any agreements for the education of Indian children been entered into with (a) government of a province; (b) the commissioner of the Northwest Territories; (c) the commissioner of the Yukon Territory; (d) public or separate school boards; (e) religious or charitable organizations?

2. If so, with what provinces, persons or organizations?

3. With respect to each such agreement, has any contribution towards the capital cost of schools been (a) authorized; (b) paid, and if so, how much in each case and what percentage does this represent of the total capital cost?

4. With respect to each such agreement, has any arrangement been made for the payment of tuition fees on behalf of Indian children? If so, what is the monthly or annual per capita payment in each case?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. (a) Yes, (b) Yes, (c) Yes, (d) Yes, (e) Yes.

2. The answer to this question has been provided in the answer to question 3 below.

3 and 4. Agreements with the following authorities have been completed:

The board of school trustees, district No. 70, Alberni, B.C.—Two agreements: federal government contribution, $25,264.29; percentage of total capital cost, 14 per cent; federal government contribution, $112,475.66; percentage of total capital cost, 18 per cent; tuition fees (monthly), $15.00.

The board of school trustees, district No. 73, Alert Bay, B.C.—Federal government contribution, $80,000.00; percentage of total capital cost, 31 per cent; tuition fees (monthly), $15.00.

The board of school trustees, Joan and Phyllis township area public school district, Bear Island, Ontario.—Federal government contribution, $1,000.00; percentage of total capital cost, unknown; tuition fees, no billing received to date.

The board of school trustees, district No. 49 (Ocean Falls), Bella Coola, B.C.—Two agreements: Federal government contribution, $65,207.73; percentage of total capital cost, 73.5 per cent; Federal government contribution, $37,723.57; percentage of total capital cost, 56.6 per cent; tuition fees (monthly), $15.00.

The Board of school trustees, district No. 72 (Campbell River), Campbell River, B.C.—Federal government contribution, $18,728.00; percentage of total capital cost, 3 per cent; tuition fees (monthly), $15.00.

The board of school trustees, district No. 2264 (Churchill), Churchill, Manitoba.—Federal government contribution, $27,963.50; percentage of total capital cost, 50 per cent; tuition fees (monthly), $10.00.

The Roman Catholic Episcopal Corporation of Bathurst, Dalhousie, N.B.—Federal government contribution, $32,510.24; percentage of total capital cost, 9 per cent; tuition fees (monthly), $5.00.

Dauphin-Ochre school board, Dauphin, Manitoba.—Federal government contribution, $75,252.51; percentage of total capital cost, 33.3 per cent; tuition fees (monthly), $10.00.

Commissioner of the Yukon Territory, Dawson, Yukon—Federal government contribution, $40,826.00; percentage of total capital cost, 15.4 per cent; tuition fees (monthly), $25.00.

The board of school trustees of S.S. No. 5 Lash school board, Emo, Ontario.—Federal government contribution, $19,896.47; percentage of total capital cost, 19 per cent; tuition fees (monthly), $8.50.

The school board of the parish of Escoumains, Escoumains, Quebec.—Federal government contribution, $18,900.00; percentage of total capital cost, 25 per cent; tuition fees (monthly), $15.00.

The Fort Frances separate school board, Fort Frances, Ontario.—Federal government contribution, $58,936.55; percentage of total capital cost, 79 per cent; tuition fees (monthly), $13.88.

The board of school trustees, district No. 53 (Terrace), Hazelton, B.C.—Two agreements: Federal government contribution, $73,000.00; percentage of total capital cost, 56 per cent; Federal government contribution, $53,697.00; percentage of total capital cost, 19 per cent; tuition fees (monthly), $15.00.

The board of school trustees, district No. 49 (Ocean Falls), Hagensborg, B.C.—Two agreements: Federal government contribution, $18,000.00; percentage of total capital cost, 25 per cent; Federal government contribution, $25,563.50; percentage of total capital cost, 25 per cent; tuition fees (monthly), $15.00.

The board of school trustees of the township school area of Otonabee, Hiawatha, Ontario—Federal government contribution, $9,142.85; percentage of total capital cost, 11 per cent; tuition fees (monthly), $10.00.

The Jasper Place separate school board, Jasper Place, Alberta.—Federal government contribution, $53,369.87; percentage of total capital cost, 15 per cent; tuition fees (monthly), $20.00.

Government of the province of Saskatchewan, Lac la Ronge, Saskatchewan—Federal government contribution, $86,108.03; percentage of total capital cost, 60 per cent; tuition fees (monthly), $17.00.

Questions

The board of school trustees, district No. 30 (Ashcroft), Lytton, B.C.—Three agreements: Federal government contribution, $742.50; percentage of total capital cost, 45 per cent; Federal government contribution, $42,745.59; percentage of total capital cost, 50 per cent; Federal government contribution, $28,596.76; percentage of total capital cost, 50 per cent; tuition fees (monthly), $15.00.

The Lakefield public school board, Lakefield, Ontario—Federal government contribution, $40,000.00; percentage of total capital cost, 50 per cent; tuition fees, no billing received to date.

The board of school trustees, district No. 50 (Queen Charlotte), Masset, B.C.—Federal government contribution, $25,918.00; percentage of total capital cost, 100 per cent; tuition fees (monthly), $15.00.

The Protestant school commission, Maniwaki, Quebec—Federal government contribution, $10,633.00; percentage of total capital cost, 16.6 per cent; tuition fees (monthly), $17.00.

The Roman Catholic school commission, Maniwaki, Quebec—Federal government contribution, $114,665.59; percentage of total capital cost, 33⅓ per cent; tuition fees (monthly), $12.00.

The board of school trustees, district No. 68 (Nanaimo), Nanaimo, B.C.—Federal government contribution, $37,229.21; percentage of total capital cost, 100 per cent; tuition fees (monthly), $15.00.

The Roman Catholic episcopal corporation of Vancouver, North Vancouver, B.C.—Federal government contribution, $80,000.00; percentage of total capital cost, 20 per cent; tuition fees (monthly), $15.00.

The school board of the parish of Notre Dame du Nord, Notre Dame du Nord, Quebec—Federal government contribution, $59,732.17; percentage of total capital cost, 30 per cent; tuition fees (monthly), $20.00.

The public school board of the town of Orillia, Orillia, Ontario—Federal government contribution, $37,335.83; percentage of total capital cost, 19 per cent; tuition fees (annual), $136.25.

Oka school board, Oka, Quebec—Two agreements: Federal government contribution, $42,000; percentage of total capital cost, 20.5 per cent; federal government contribution, $977.66; percentage of total capital cost, 9 per cent; tuition fees (monthly), $9.00.

Parry Sound board of education, Parry Sound, Ontario—Federal government contribution, $19,569.00; percentage of total capital cost, 12 per cent; tuition fees (annual), $131.10.

Government of the province of Manitoba, Pelican Rapids, Manitoba—Three agreements: federal government contribution, $15,000.00; percentage of total capital cost, 50 per cent; federal government contribution, $3,490.00; percentage of total capital cost, 50 per cent; federal government contribution, $5,000.00; percentage of total capital cost, 50 per cent; tuition fees (monthly), $10.00.

The board of school trustees, district No. 10 (Portage la Prairie), Portage la Prairie, Manitoba—Two agreements: federal government contribution, $36,562.50; percentage of total capital cost, 27 per cent; federal government contribution, $30,000.00; percentage of total capital cost, 25 per cent; tuition fees (monthly), $10.00.

The board of school trustees, Prince Albert collegiate, Prince Albert, Saskatchewan—Federal government contribution, $109,037.58; percentage of total capital cost, 21 per cent; tuition fees (monthly), $10.00.

The board of school trustees, district No. 74 (Quatsino), Port Hardy, B.C.—Federal government contribution, $25,000; percentage of total capital cost, 11.36 per cent; tuition fees (monthly), $15.00.

The board of school trustees, district No. 72 (Campbell River), Quadra island, B.C.—Two agreements: Federal government contribution, $23,076.00; percentage of total capital cost, 19 per cent; Federal government contribution, $18,770.00; percentage of total capital cost, 100 per cent; tuition fees (monthly), $15.00.

The board of school trustees of St. Mary's river school No. 2, Cardston, Alberta—Federal government contribution, $150,000.00; percentage of total capital cost, 50 per cent; tuition fees (monthly), $23.00.

Department of education, Manitoba, South Indian Lake, Manitoba—Federal government contribution, $17,500.00; percentage of total capital cost, 70 per cent; tuition fees (annual) $136.31.

The board of school trustees, district No. 50 (Queen Charlotte), Skidegate, B.C.—Two agreements: Federal government contribution, $35,273.00; percentage of total capital cost, 33.3 per cent; Federal government contribution, $38,803.00; percentage of total capital cost, 100 per cent; tuition fees (monthly), $15.00.

Government of the province of Saskatchewan, Stanley, Saskatchewan—Federal government contribution, $12,500.00; percentage of total capital cost, 50 per cent; tuition fees (monthly), $17.00.

Telegraph Creek school district, Telegraph Creek, B.C.—Two agreements: Federal government contribution, $22,177.43; percentage of total capital cost, 55 per cent; Federal government contribution, $12,233.43; percentage of total capital cost, 55 per cent; tuition fees (monthly), $15.00.

Sarnia board of education, Sarnia, Ontario —Federal government contribution, $54,149.-00; percentage of total capital cost, 100 per cent; tuition fees (annual), $179.42.

The board of school trustees of the St. Thomas separate school, Tarentorus, Ontario —Federal government contribution, $45,126; percentage of total capital cost, 100 per cent; tuition fees (annual), $77.18.

The Roman Catholic episcopal corporation of Halifax, Truro, N.S.—Federal government contribution, $36,509.05; percentage of total capital cost, 20 per cent; tuition fees (monthly), $15.00.

The Wallaceburg public school board, Wallaceburg, Ontario—Two agreements: Federal government contribution, $40,000.00; percentage of total capital cost, 100 per cent; Federal government contribution, $40,000.00; percentage of total capital cost, 100 per cent; tuition fees (monthly), $16.00.

Department of education, Quebec, Winneway, Quebec—Federal government contribution, $13,613.87 percentage of total capital cost, 50 per cent; tuition fees—no billing received to date.

The Roman Catholic corporation of Prince Rupert, B.C.—Five agreements: Burns Lake—Federal government contribution, $119,930.34; percentage of total capital cost, 50 per cent.

Fort St. James—Federal government contribution, $107,494.68; percentage of total capital cost, 50 per cent.

Hazelton—Federal government contribution, $35,000.00; percentage of total capital cost, 45 per cent.

Smithers—Federal government contribution, $120,668.00; percentage of total capital cost, 50 per cent.

Vanderhoof—Federal government contribution, $108,495.00; percentage of total capital cost 50 per cent; tuition fees (monthly), $15.00.

The board of school trustees, district No. 52 (Prince Rupert), Port Essington, B.C.—Federal government contribution, $1,500.00; percentage of total capital cost, 60 per cent; tuition fees (monthly), $15.00.

Elphinstone consolidated school district, Elphinstone, Manitoba—Federal government contribution, $1,059.59; percentage of total capital cost, 100 per cent; tuition fees (monthly), $10.00.

Board of education, Sault Ste. Marie, Ontario—Federal government contribution, $34,419.67; percentage of total capital cost, 16.6 per cent; tuition fees (annual), $259.62.

Commissioner of the Northwest Territories—Department of Northern Affairs and National Resources provides buildings and pays operating costs.

Questions

NATIONAL MUSEUM—QUALIFICATIONS OF DIRECTORS

Question No. 167—**Mr. Argue:**

What qualities and qualifications are desirable in a director of: (a) the human history branch of the national museum of Canada; (b) the natural history branch of the national museum of Canada?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

(a) and (b). In addition to good health and personal suitability, the desirable qualities in a director of either branch of the national museum of Canada comprise a sound knowledge of and capacity for management and administration, organizational ability, and capacity to co-ordinate research. Specific qualifications include: graduation with a doctor's degree from a university of recognized standing with specialization in one or more of the related fields; extensive experience in one or more of the disciplines involved and an international standing as shown by published results; experience in planning, exhibits and a knowledge of modern museum and public information methods. In the case of a director of the human history branch, it might be expected to find a candidate with specialization and experience in fields or disciplines such as anthropology, ethnology or archaeology. In the case of a director of the natural history branch it might be expected to find a candidate with specialization and experience in fields or disciplines such as geology, minerology, palaeontology, zoology or botany.

CANADIAN HISTORICAL MUSEUM

Question No. 217—**Mr. Argue:**

1. Did the royal commission on arts, letters and sciences make any recommendations regarding the establishment of a Canadian historical museum, how it should be administered and controlled, and the status of its director?
2. If so, what was the text of its recommendations?
3. Have any of these recommendations not been implemented?
4. If so, for what reason or reasons have they been disregarded?
5. Have steps been taken to implement any of these recommendations in the near future?
6. If so, which ones?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2. The text may be found on pages 323 and 324 of the royal commission's report.

3. Yes.

4, 5, and 6. Recommendations which have been implemented were described in the answer to question No. 188. No decision has yet been taken to implement the other recommendations.

Questions

RADIOACTIVITY TESTING PROGRAM—STRONTIUM 90 IN MILK

Question No. 225—**Mr. Martin (Essex East):**

1. Is the Minister of National Health and Welfare in a position to comment on a newspaper article appearing in the *Financial Post*, February 28, 1959, alleging that the existing federal radioactivity-testing program is inadequate?

2. Will the minister give assurance regarding the safety of milk from excessive doses of strontium 90?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. The best evidence available shows that the existing Canadian radioactivity testing program compares most favourably with those of other leading countries in the nuclear field. A study of the report of the United Nations scientific committee on the effects of atomic radiation of August, 1958, confirms this view. Since the beginning of this program in 1955, the Department of National Health and Welfare has built a new radiochemical building in Ottawa, the number of scientific and technical positions has been substantially increased and at this very moment the department is broadening the scope of its investigations to include measurements of radioactivity in rainfall, air and soil. The program is further supported by the recent construction of two whole-body measuring units for the determination of radioactivity in humans. The department has planned to build a third Canadian unit of this type which it considers an essential part of the studies.

The department is keeping abreast of all new scientific developments in this field and to this end the program is kept under constant review.

2. Excessive levels of strontium 90 have occurred only on nuclear weapon testing sites, of which there is none in Canada. On the basis of findings of the Department of National Health and Welfare there is at present no discernible hazard by strontium 90 contamination of milk.

TRANS-CANADA HIGHWAY, MONTREAL

Question No. 231—**Mr. Rouleau:**

1. Has the federal government received representations from the provincial authorities or other agencies in the province of Quebec or in the city of St. Laurent, requesting its participation in the completion of the trans-Canada highway in the northern section of metropolitan Montreal?

2. If so, on what date were the said representations made and by whom?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. No.

2. Answered by No. 1.

CONVERSION LOAN—DIFFERENCES IN TOTALS

Question No. 234—**Mr. Benidickson:**

What is the explanation of the substantial differences between: (a) the principal amount of the conversion loan bonds as given in the January 1959 Bank of Canada statistical summary; (b) the principal amount for the same loans given in the December 1958 Bank of Canada statistical summary?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

The principal amounts of conversion loan bonds given in the December 1958 statistical summary of the Bank of Canada and labelled "preliminary" were the same as those given in the Department of Finance press release of October 21, 1958, covering statistics as of October 14, 1958. The figures were estimates based on reports received directly from authorized agents during the campaign and in the press release were footnoted as "subject to revision on completion of final accounting by issuing agents." The figures in the January statistical summary are based on a near final accounting by issuing agents. Minor adjustments may still be made and the figures are still labelled "preliminary".

CONVERSION LOAN STATISTICS

Question No. 235—**Mr. Benidickson:**

In connection with the Canada conversion loan of 1958:

1. What was the principal amount converted of each of the fifth, sixth, seventh, eighth and ninth victory loans?

2. What was the amount of interest accrued to 1 September, 1958, on the bonds of each of such victory loan issues which were so converted?

3. What was the cash adjustment payable on each of such victory loan issues which were so converted?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

(As at February 27, 1959)

	1.	2.	3.
5th victory loan	$ 905,248,450	$ 4,616,674.54	$11,473,044.49
6th victory loan	1,118,711,700	8,457,104.00	13,049,282.00
7th victory loan	1,262,166,050	3,218,523.43	12,558,552.21
8th victory loan	1,072,799,150	13,383,743.75	5,256,613.14
9th victory loan	1,446,594,500	12,437,148.75	—
	$5,805,519,850	$42,113,194.47	$42,337,491.84

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

48. Departmental administration, $774,401.

Indian affairs branch—

56. Administration, $680,907.

Indian agencies—

57. Operation and maintenance, $3,728,028.

58. Construction or acquisition of buildings, works, land and equipment, $1,141,130.

Reserves and trusts—

59. Operation and maintenance, $367,421.

Welfare of Indians—

60. Operation and maintenance, $6,817,932.

61. Construction or acquisition of buildings, works, land and equipment, $2,015,000.

Economic development of Indians—

62. Operation and maintenance including an amount of $5,700 for grants to promote Indian agriculture, handicrafts and economic enterprises generally, $867,272.

63. Construction or acquisition of buildings, works, land and equipment, $213,985.

Education—

64. Administration, operation and maintenance, $17,734,854.

65. Construction or acquisition of buildings, works, land and equipment, including payments under agreements to provide joint educational facilities to Indian pupils, $7,362,500.

66. Grant to provide additional services to the Indians of British Columbia, $100,000.

NATIONAL FILM BOARD

234. Administration, production and distribution of films and other visual materials, $4,361,772.

235. Acquisition of equipment, $193,964.

HOUSE OF COMMONS

Friday, March 13, 1959

The house met at 11 a.m.

HOUSE OF COMMONS

PHOTOGRAPH OF HOUSE IN SESSION BY NATIONAL FILM BOARD

Mr. Speaker: Order. May I recall to the house that the national film board endeavoured to get a picture of the house in session some two or three weeks ago without using flashlights. This attempt was unsuccessful, and unless hon. members have some objection to a picture being taken with flashlights I propose to ask the film board to try again at the commencement of the sitting on Wednesday next, when I think more members will be here. Wednesday is the day proposed unless some other time may be suggested.

CITIZENSHIP AND IMMIGRATION

MOTION TO APPROVE CONVENTION ON NATIONALITY OF MARRIED WOMEN

On the order: Government notices of motion:

March 11—The Minister of Citizenship and Immigration—The following proposed resolution:

That it is expedient that the houses of parliament approve the convention on the nationality of married women done at New York on February 20, 1957, and that this house do approve the same.

Mrs. Fairclough: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the house.

TRADE

OIL—GOVERNMENT ACTION TO PREVENT DIVERSION AND DUMPING

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Is the government considering action which might counteract the effect on Canadian oil production arising out of the pressures created by the new oil restrictions in the United States for the diversion and dumping into Canada of oil and its products which would otherwise have been exported to the United States?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this subject is a matter of very great concern to the government and to the oil industry in Canada, as well as to all Canadians. We have the matter under review, and close study is being made of the mandatory controls recently set up by Washington. In due course we perhaps will have something to say with regard to what may be done. At this time, however, I may say that the whole problem of the oil industry is certainly seriously affected by the controls which have been established. There has been some leeway permitted in the midwestern area of the United States, to which area some of our crude oil has been going. The government recognizes the serious situation that now prevails.

COAL

NOVA SCOTIA—INQUIRY AS TO GOVERNMENT ACTION TO ASSIST INDUSTRY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of the number of layoffs and continuing unemployment in the Nova Scotia coal industry. Can the Prime Minister say what consideration has been given to assisting this industry, and can he inform the house as to when an announcement of government policy in this regard may be made?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this matter has been a subject of constant review and examination by my colleagues and myself. It is an involved and difficult question, but I hope the government will be in a position at a very early date to make some announcement with respect to this matter.

SHIPPING

QUEBEC—INQUIRY AS TO SUBSIDIZATION OF PASSENGER SHIP COMPANY

On the orders of the day:

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I should like to ask a question of the Minister of Transport. I regret that I could not give him notice of my intention to ask this question, and of course he may take this as notice. I wonder if the minister would tell the house if the Canadian maritimes commission have granted a subsidy to

a Quebec passenger ship company operating in Quebec, which has not yet been issued a permit of operation by the public service board in that province?

Hon. George H. Hees (Minister of Transport): I will speak to the chairman of the maritime commission and let the hon. gentleman know as soon as possible.

LABOUR CONDITIONS

NEWFOUNDLAND—REQUEST OF LABOUR CONGRESS FOR INVESTIGATION INTO LABOUR DISPUTE FATALITY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Prime Minister based on a report in the *Gazette* of this morning that the Canadian Labour Congress has formally requested a complete investigation into what actually occurred in Newfoundland, namely the unfortunate result in respect of many and the death of one. Is an unbiased and complete investigation going to be held?

Right Hon. J. G. Diefenbaker (Prime Minister): So far as I know, no request as yet has been made in that connection. When any communication is received the matter will receive consideration. I am not saying that some of my colleagues have not received such a notice, but there is nothing on my desk at the moment that indicates the receipt of such a communication.

Mr. Winch: May I ask a question supplementary to the question I asked the Prime Minister. I now ask the same question of the Minister of Justice.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have seen the report in this morning's *Gazette* that Mr. Jodoin is sending me a formal request. I have not seen it myself, but I have been informed that it has been delivered to my office in the justice building just recently, and that it does ask that we conduct some sort of formal inquiry into the activities of the R.C.M. police in Newfoundland.

I have to say in reply that I am told by my office that the letter contains no specific information to back up the allegation that the R.C.M. police have acted in an improper manner. I have had no such evidence from elsewhere, and in the absence of such evidence I would not feel inclined to recommend to my colleagues that such an inquiry be held. However, if evidence is received, or if factual information is received that would warrant it, we would immediately reconsider the position.

[Mr. Brassard (Lapointe).]

Furthermore, as soon as the situation down there permits the ordinary administrative routine to be resumed I would expect to be receiving full and detailed reports of every one of the incidents involved, and if those reports themselves disclose anything that would warrant such an inquiry I shall refer the matter to my colleagues for a decision.

But at the moment there is no evidence or information before me which would lead me to change the opinion I have expressed to the house that the R.C.M. police have conducted themselves with restraint under very difficult circumstances.

Mr. Winch: A supplementary question. We are all interested in peace and harmony and a solution to this difficulty. I would like to ask the Minister of Justice whether he is in a position to go to Newfoundland personally and see what can be done to solve the difficulty.

Mr. Fulton: Mr. Speaker, I am as concerned as anyone in the house, but no more concerned certainly than any of my colleagues, and probably no more concerned than other hon. members. While I have every desire to do everything possible to contribute to a settlement of this question, the question of anyone visiting Newfoundland would obviously have to be a governmental decision. This matter has not yet been taken up because there seems to be no occasion for it; there has been no suggestion that such a visit would produce any good results.

Mr. Winch: May I ask another supplementary question. Is the Minister of Labour interesting himself in the situation, and is it possible for his good offices to be used in Newfoundland?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the hon. member well knows, as every member in the house knows, that this matter is strictly under provincial jurisdiction and the federal Department of Labour has no jurisdiction at all in this dispute.

Mr. Hazen Argue (Assiniboia): I should like to direct a supplementary question to the Minister of Justice. When the minister is making the survey of R.C.M.P. activities in Newfoundland will he find out whether I.W.A. property was given the same protection by the R.C.M.P., on the occasion when windows were broken, as was given to the property of the company on other occasions?

Mr. Fulton: Yes, Mr. Speaker, the reports I will be receiving will cover the situation. I should perhaps advise the hon. member that I have an interim report this morning

that yesterday, in the course of transporting the body of the constable who was killed back to St. John's for burial, at one of the small towns through which the train passed there was a demonstration which took the form later of an attack on the I.W.A. hall in that community. Before the situation could be brought under control there was, I understand, some damage done to the hall; but as soon as possible the police moved in and were able to restore the situation and bring about a cessation of the attacks without the necessity of using force. The police moved just as quickly as possible to protect that property, in the same way that they will move to protect any property that may come under danger.

PUBLIC SERVICE

ALLEGED STRIFE AND INTRIGUE IN SELECTION OF PERSONNEL

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Secretary of State. Has the minister's attention been drawn to a Canadian Press dispatch which appeared in last night's *Citizen* to the effect that strife and intrigue are being created in the selection of federal government employees through the actions of officials in various departments?

Mr. Speaker: I take it that the hon. member is asking the minister whether or not the account is correct, and if he is I would remind him that this is not according to the practice of the house.

Mr. Howard: I am not asking whether or not the account is correct, but whether the minister's attention has been drawn to the article and whether he has any comment to make.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I have not seen the report but I will check and answer later.

SUPPLY

The house in committee of supply, Mr. Rea in the chair.

NATIONAL GALLERY OF CANADA

236. Administration, operation and maintenance, including grants as detailed in the estimates, $879,640.

The Deputy Chairman: Shall vote 236 carry?

Mr. Pickersgill: No, Mr. Chairman. I was hoping that the Minister of Justice would be present in the committee, because my observations relate to his conduct rather than to that of the hon. lady. I should like to make one or two observations about what the hon. lady very properly called a fiasco as revealed by the questions asked last evening by the Leader of the Opposition.

The observation I want to make is this. It appeared from what the Leader of the Opposition brought out last night and from what the hon. lady herself said in the answer she gave in parliament that the government were perfectly prepared to buy the picture in question so long as they thought there was an existing appropriation, and it probably would not come to the notice of parliament; but when they found that they would have to come here in a straightforward manner and ask parliament to vote the money—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —they backed down on their commitment. The record shows that very clearly indeed.

Mr. Fleming (Eglinton): Utter rubbish.

Mr. Pickersgill: The Minister of Finance, who was probably at that time on one of his numerous travels instead of attending to his business here in Canada, failed—

Mr. Fleming (Eglinton): Wrong again.

Mr. Pickersgill: —according to the record—

Mr. Fleming (Eglinton): Too bad you couldn't be right once in a while.

Mr. Pickersgill: According to the record, or at least according to the evidence that has been supplied so far and is uncontradicted, the government were quite prepared to buy this picture if there had been an appropriation, but when they found that they would have to come in here and in a straightforward, honest fashion ask parliament to vote money, they repudiated the good name of Canada. This is what happened, and there is no getting away from it.

Perhaps the most shocking feature of all, sir, is that the Minister of Finance, who presumably was represented at the cabinet meeting if he was not there himself, ought to have known what the appropriations were. In other days the affairs of this country were managed differently.

An hon. Member: They sure were.

Mr. Pickersgill: The Minister of Finance did know, in those days what was going on in government and commitments were not made that had to be repudiated because of misunderstandings about the real situation. It does seem to me, sir, that this is a shocking and a shabby business. It is quite obvious that what the government hoped to be able to do was buy this picture and then, if there was any criticism, get up and say that the Liberals had provided the money. However,

after finding they had to come in here and take the responsibility for their own act, they did not have the courage to do so. What they very obviously decided to do—

Mr. Bell (Saint John-Albert): May I ask a question—

Mr. Pickersgill: This is a beautiful example of the kind of government we have been getting during the last two years.

Mr. Bell (Saint John-Albert): May I ask a question? Would the hon. gentleman have been prepared to spend this amount of money himself, if he had been in the position to make the decision?

Mr. Pickersgill: Well, that would have depended upon—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —that would have depended entirely upon the state of the exchequer. As the hon. gentleman knows, in the days when we were in office we had a very considerable surplus because the affairs of this country were being well managed. We could well afford to purchase imperishable articles of this sort that would last as long as the country lasts. We are not ashamed of having done so. However, if the country had got into the terrible condition financially that it has under the hon. gentlemen opposite, I doubt if it would have been a prudent thing to do.

I did not have that decision to make. The decision had to be made by the Minister of Justice, as acting minister, by the Minister of Finance and the Prime Minister. I feel sorry for the Minister of Justice because having made a commitment on behalf of the government of Canada, and knowing the Minister of Justice as I do, I am sure he wanted to keep it. I am sure he was overruled by his colleagues. I am sympathetic toward the Minister of Justice, and I am sorry for him. I am sorry to see this habit of repudiation beginning to develop.

I am sorry to see the Minister of Justice being put in the false position in which he has been put over this matter. It does seem to me, sir, that either the government should have decided in the first place they were not going to spend this money, if indeed they were so concerned about the treasury as they later pretended to be, and made a decision on the basis of the merits of the case. However, having made a decision and then having found they were wrong about the technicalities, they should have been honest enough and straightforward enough to go through with what they had started.

[Mr. Pickersgill.]

Mr. Fulton: The hon. gentleman has not lost his ability to work up a fine state of frenzy over nothing.

Mr. Pickersgill: Just a repudiation of contract.

Mr. Fulton: It is quite obvious that the hon. gentleman wishes to continue in opposition that great fault from which the Liberal government suffered when in office; that was to commit the country to a course for which they had no authority, and to act as a government in a manner for which they had not been given any authority by the house. Now the hon. gentleman has asked us to do the same thing, which we refuse to do, and for the doing of which the previous government was, in a large measure, repudiated by the country. The fact of the matter is that no commitment was made because there was no authority to make any commitment.

Mr. Pickersgill: That is not what the hon. lady says.

Mr. Fulton: The hon. lady said so, as will be found on the record at page 1905 of *Hansard* for March 12, 1959. She said:

> It is clear that no authority existed to make a firm offer or enter into a contract for this purchase by the national gallery or the government of Canada or anyone on its or their behalf.

The hon. member knows, and I assume has conveniently forgotten for the purpose of this discussion, that in the absence of an appropriation by parliament there can be no contract, and that in the absence of an appropriation by parliament no one has any authority to make a contract. Hence what the hon. gentleman is asking us to do or is suggesting that we should have done is to make a contract for which we had no authority. When we found that was the position we informed all those concerned immediately, explained the position and said that we were not prepared, in the absence of parliamentary authority, to do that which we had no authority to do; nor were we prepared, as the former government so often did, to seek to commit parliament as to what parliament would do, before parliament had any opportunity to express its opinion.

It seems to me, Mr. Chairman, that completely disposes of the matter except to say this. If any further answer were required the hon. gentleman has given it himself. When, after all the sound and fury which he emitted, he was asked a simple question, namely whether if he had the authority, he would have come to parliament for the appropriation, he took refuge in those typical Liberal words, "That would depend upon the circumstances". What a fine ending for an

initially valiant stand. Having started out so valiantly to do battle, when he sees the enemy he turns tail and flees.

Mr. Pickersgill: If any hon. member has ever seen me turn tail and flee in this house, Mr. Chairman, I should like him to cite the occasion. What I said about the hon. gentleman, which he cleverly—because he is clever—perverted in his reply, was that the government should not have entered into these negotiations at all if it did not intend to go through with them. I said, and I repeat, that it was extremely incompetent of the minister and of the government not to know the facts, not to know whether there was an appropriation before they entered upon these negotiations. That was the whole point. It is just another of the examples we have had over and over again in the last two years of the fumbling and bumbling incompetence of the present administration.

Mr. Pearson: Mr. Chairman, perhaps in a quiet mood I could ask a few questions which might help to get to the truth of this matter. At page 1364 of *Hansard,* in her answer to the question, the minister stated:

> —the board of trustees of the national gallery had asked for "authorization to negotiate for the purchase of the Breughel owned by Baron von Polnitz".

This is my first question, and I have many more. Will the minister tell me from what that quotation is taken? Perhaps she would put the full communication on the record. Will she also give us the date when that authorization was requested?

Mr. Fulton: Perhaps I could answer that question, Mr. Chairman, because I was acting minister at the time. The quotation reproduced at page 1364 of *Hansard* comes from a resolution of the trustees of the national gallery. In this resolution it was stated—I am not sure that I am quoting the language exactly but I know that the fact is correct; it was in either that resolution or the immediately preceding one to which it was related—that funds were appropriated for the purpose. Then the resolution went on to ask the government to give authority to negotiate in the terms which are quoted at page 1364 of *Hansard.*

With regard to the previous statements of the hon. member for Bonavista-Twillingate, it would take a long time to correct all his inaccuracies, but there is one that I think should be corrected. The government at no time entered into negotiations. The government authorized negotiations to be commenced on the basis of the information it had received from responsible persons appointed by the previous government to manage the affairs of this gallery.

Mr. Pearson: Does the Minister of Justice deny that negotiations in regard to the purchase of this picture had been going on for weeks before the communication from the gallery to which he has referred?

Mr. Fulton: I am not in a position to confirm or deny that. I find that at page 1903 of yesterday's *Hansard* the hon. gentleman himself is reported as having said:

> If I am inaccurate in giving my account of these negotiations no doubt the minister, who has the records at her disposal, will correct me. As I understand the situation, the first contact between a representative of the gallery and the agent for the owner of the picture, a landscape by Breughel, was made on January 4, 1957.

If that date is correct it would, of course, be during the administration of the hon. gentleman and his friends who were then in office.

Mr. Pearson: That information is quite correct. The first approach was made at that time. Does the minister not agree that subsequent to that time, as I mentioned last night, at the end of the year, or in January 1958 these negotiations regarding the purchase of this picture were proceeding and that negotiations had gone so far that prices were being discussed, as to what would be a fair value for the picture? Is not that negotiation, and is not that long before the statement from the gallery to which the minister has referred?

Mr. Fulton: The matter first came to my knowledge in about February of 1958, as I recall it, when the director of the gallery first gave me a resolution of the trustees. That was a resolution of the trustees of January 29, 1958. The trustees were then meeting, and immediately after that meeting—I think it was early in February; within the first few days of February—the director brought this resolution to my attention and first asked for authority to negotiate. That authority was not given at that time. It was late January, or early February, when I was first advised by the director that discussions—I do not think they should properly be called negotiations—had been entered into between representatives of the gallery and representatives of the owner of the painting with regard to possible purchase.

Mr. Pearson: I will not quibble over the difference between the words "discussion" and "negotiation". The minister now admits that in February he knew discussions were going on with regard to the possible purchase of this painting. I ask the minister now whether this matter was not brought by him before the cabinet, and whether there was not a discussion of this matter by the cabinet. I ask him when that discussion took place, and whether there was not an agreement

reached by the cabinet that an offer of $350,000 should be made for this picture.

Mr. Fulton: No, that is incorrect. The matter was brought before the cabinet by me on the basis of a resolution of the board of trustees requesting "that cabinet document 244/53 of October 7, 1953, be amended so that the sum of $2 million appropriated for the purchase of paintings from the collection of the Prince of Liechtenstein, of which $441,000 remains, could be applied to the purchase of works of comparable quality and importance". That was the resolution of January 29 which the director requested me to take to the cabinet. The request was taken to the cabinet, and on that occasion the cabinet turned it down.

Mr. Pearson: So was not the director—and he must have been acting in his capacity as director; the gallery is a department of government in this regard—authorized on May 2 to make an offer to the agent of the owner for the purchase of this picture?

Mr. Fulton: On the second occasion when the submission was brought forward the cabinet approved it. The submission was based on the resolution of the trustees asking for authority to negotiate, and the director was advised that the cabinet had approved.

Mr. Pearson: I am asking the minister whether the director was authorized to make an offer to the owner for the purchase of this picture at an amount of $350,000 or some other amount.

Mr. Fulton: The authority that had been asked for was authority to find out whether two paintings could be bought. It was asked that authority be given to negotiate to find out if one painting could be bought for a certain price and, if it could, it could be that authority would be given to negotiate for the other painting to see if it could be bought for a certain price. The resolution asked for authority to negotiate, and it was a submission based on this resolution which was approved by the cabinet.

Mr. Pearson: The minister now says there was no authority given to any representative of the gallery to make an offer at that time, May 2, for the purchase of this picture. I follow this up by asking him whether such an offer was made to the agent of the owner of this picture, a firm offer, without strings, at a particular price?

Mr. Fulton: As far as the Breughel is concerned, I was advised by the director of the gallery that he inquired of the agent of the owner whether the owner would be willing to sell for that price. I was advised by the director in a memorandum from him that this was the question he asked, whether the owner would sell the Breughel for $350,000. It appears that this inquiry, this conversation, was taken by the agent as a firm offer. What justification the agent had for doing so I fail to understand. The position is, as I have said, that there was no authority to make an offer. The only authority given was to negotiate. There could have been no authority to make an offer or enter into a contract, because there had been no appropriation.

Mr. Pearson: The minister now states very clearly that there was no authority given to make an offer for the purchase of this picture, and that so far as he knows no offer was made.

Mr. Fulton: No offer, on the basis of this memorandum of the conversation which I have received; no offer which I as a lawyer would regard as a firm offer.

Mr. Pearson: Well I, perhaps, would make a distinction between an offer which would be regarded as a firm offer by a lawyer and an offer which might be regarded as a firm offer by the owner of the picture.

Some hon. Member: Oh, oh.

Mr. Pearson: I ask the minister this. Was the owner of this picture, who was acting in good faith in this matter—

An hon. Member: How do you know?

Mr. Pearson: I know a little more about this than the hon. gentleman does, so perhaps he will not bother to interrupt. Was the owner of this picture not asked to confirm his acceptance of the offer in writing?

Mr. Fulton: I will have to check the documents and memoranda again. My information is that it was the owner who asked whether what he describes as the offer could be confirmed in writing, and the owner was notified on May 8 that the basis for any further negotiations no longer existed. I think it was on May 8; certainly it was not later than May 12.

Mr. Pearson: I think it is a fact that the minister saw the agent for the owner of this picture on May 8. Did the minister at that time tell the agent that he had previously obtained agreement to make the offer on the understanding that the money was available, and that later he found he was wrong in this understanding and that he did not wish to ask parliament for the appropriation which would now be required.

Mr. Fulton: The hon. gentleman is asking me to recall a conversation which I am frankly unable to do in detail at the moment. I recall the agent visiting me in my office, at which time I explained the position to him in detail and explained that there had been no legal

basis on which any offer could be made. I also said that I could not hold out for him any hope that the government would decide to go before parliament and ask for an appropriation, and that in the absence of an appropriation there was no authority for anyone to commit the government. I told him I would consider the situation further, but that I could not hold out any hope of an outcome that would be acceptable to the agent.

Mr. Pearson: May I ask the minister when and how the government finally decided that the money was not available unless a further appropriation was made by parliament?

Mr. Fulton: My recollection is that the absence of an appropriation was first confirmed on May 7, some three days after the submission had been approved by the cabinet, when I was asked to make a submission to treasury board asking that an item be inserted in the supplementary estimates for an appropriation.

Mr. Pearson: From what we have learned, Mr. Chairman, the minister I know will agree with my statement that a representative of the government, the director of the gallery, was authorized to negotiate for the purchase of this picture, which was an important negotiation both financially and otherwise, on the assumption that $350,000 was available when it was not in fact available.

Mr. Fulton: The director was authorized to negotiate on that basis; that is a correct statement of the facts. I have referred to two resolutions of the trustees stating that the funds were available. I should also mention that on several occasions when the matter was under discussion I questioned the director of the gallery as to whether in fact the funds were available, and I was assured that they were.

Mr. Pearson: Then later the owner, assuming this was a serious negotiation, was told there was no such financial basis for negotiation. May I ask when the owner was finally and officially informed that the government was not going to proceed with the purchase of this picture?

Mr. Fulton: When the owner was informed?

Mr. Pearson: I should like to know when the owner was finally and officially informed that the government did not intend to proceed with the purchase of the picture.

Mr. Fulton: As far as being a government decision I would have to ask my colleague who is presently the minister concerned to answer that. My recollection is clear that there was a telephone call on the 8th and a letter from the director to the agent on the 12th. I ceased to be acting minister on the 14th. I believe I actually handed over to my colleague, the present minister, on May 21. I have recounted the interview I had with the agent, at which time I told him I could see no way in which the matter could be proceeded with; but whether there were further official letters from the minister or on behalf of the government stating this as a government decision, I would have to leave the present minister to answer.

As I have said, there was a letter from the director to the agent on May 12. There was a visit from the agent to myself within a very few days of that time; it may have been within a week or ten days. I recall also that later I had a discussion with a solicitor who I understood was retained by the owner or the agent, I am not sure which. I understand he also had some conversation with my colleague, but I am not sure of that. He came to me because I had been acting minister at the time.

Certainly on the basis of those discussions I told him that the government's decision was that there was no way of proceeding with it, that we did not intend to proceed, and the solicitor agreed that there was no contract. We have not heard further from the solicitor since that time.

Mr. Pearson: One final question, Mr. Chairman. Has the owner made an effort to see the Prime Minister or any minister, and has there been any such interview between the owner and any representative of the government on this matter?

Mrs. Fairclough: Possibly I could answer that, Mr. Chairman. I understand the owner was in town. I was given to understand there would be some attempt made to have an appointment with the Prime Minister or with this minister. Certainly no approaches were made to this minister, and I understand the situation is precisely the same with regard to the Prime Minister, but of course I cannot answer for him.

Mr. Best: Mr. Chairman, just a few brief remarks on this item. I listened with interest last evening and today to the remarks made by the Leader of the Opposition and the hon. member for Bonavista-Twillingate, who appeared to me to be attempting to recoup some of the technical losses he suffered yesterday in the debate. I was particularly interested in the remarks made by the Leader of the Opposition last evening as reported at page 1904 of *Hansard,* when he recounted his feeling with respect to the sequence of events leading up to the discussions surrounding the tentative purchase of these two paintings. It is bewildering to me—and I cannot answer this—how the trustees of the national gallery could pass a unanimous resolution that they would like

to buy the Breughel painting and convey this information to the agent, expecting that the purchase might go forward. It seems to me there was a great lack of information in this instance, perhaps on the part of the trustees—

Mr. Pickersgill: And the minister.

Mr. Best: —or those acting for the national gallery. This is a field in which I think the procedure should be clarified and set out more distinctly in the future.

The possible purchase of these two paintings has attracted wide comment throughout Canada and this, of course, is a more subjective field, as did the purchase two years before of paintings from the collection of the Prince of Liechtenstein. The information conveyed to me by a number of people in the art world in both Canada and elsewhere is that the price talked about in this immediate case and the prices paid in the past case were very much out of line and higher than the general market price, even considering the rise of prices in value of old masters.

This raises the problem, of course, of what sort of price should be paid, who should judge these matters and on what basis prices should be arrived at. I gather it is the feeling of experts in this field that the prices have been considerably inflated. While I am very hopeful that in future we may acquire a Breughel and works of other masters of that period when they come on the market, there must be considered the interesting question of the level of prices that should be paid.

Mr. Fulton: Perhaps one could summarize this matter by saying that the thought in the mind of the government was very similar to the opinion expressed by the hon. gentleman who has just spoken. We were not prepared under the circumstances to ask parliament for an appropriation of this amount of money for this painting, and it is clear that my hon. friends opposite, at least as represented by the hon. member for Bonavista-Twillingate, would then have come to the same conclusion.

Mr. Pearson: Mr. Chairman, I wish to say a few words on the question of value. It is difficult, of course, to value a painting of this kind. If you are attempting to build up a national art collection I suppose the question of price is more or less in the hands of those who own the rare pictures and you must negotiate on the basis of the best price you can get. I understand this painting was valued at $500,000, and as a result of earlier negotiations long before May the price was reduced to $350,000. I believe it is of the greatest importance to build up a national gallery of first class pictures, but at the same time when we are confronted with a serious unemployment situation and an extremely substantial deficit, I consider that even $350,000 is too much to pay for that picture.

Mr. Pickersgill: Mr. Chairman, there is one comment I should like to make before the Minister of Justice covers himself with glory by pretending the government was not willing to spend the money. I believe the record should be made clear. As the Leader of the Opposition clearly demonstrated by these questions and answers, the government was prepared to spend this money as long as it did not have to come to parliament to ask for it.

Mrs. Fairclough: Mr. Chairman, that is so obviously a foolish statement that it cannot be allowed to pass.

Mr. Pickersgill: It is the truth.

Mrs. Fairclough: The circumstances are that if there had been an appropriation as was alleged, that appropriation would have been passed by parliament. The very fact that there was no appropriation showed that the government was unwilling to act without the consent of parliament, a point which I think my hon. friend completely ignores.

Mr. Pearson: Mr. Chairman, it is unfortunate perhaps that the minister has raised this question again, but has she not already said that the director was authorized to negotiate for the purchase of this picture and a price was arrived at on the assumption that $350,000 was available from a fund which had been previously voted?

Mrs. Fairclough: Yes, I did say that, and that is precisely the point. If that amount had been in the purchase fund of the gallery, under the terms of the National Gallery Act the trustees would have had the right to go ahead and purchase this painting. As my hon. friend knows, there has been a lot of talk about this appropriation, and I understand that some time ago the national gallery was told that the previous government could negotiate up to a certain amount for paintings from a specific collection, but each individual purchase had to be approved or the appropriation had to be approved to cover the purchases of the trustees for the gallery from time to time. No such approval had been given; the matter had not been presented to parliament in this instance.

Mr. Pickersgill: I should just like to conclude with this observation. Surely the hon. lady has been a minister long enough to know that even if parliament has provided money the government is under no obligation to spend it unless the government in its wisdom decides that it is a wise expenditure. Now, the government had decided that this would be a wise expenditure, if the money

had been appropriated, but they were not willing to come to parliament and ask for it, so they can take no credit for themselves for the great virtue of saving.

Mrs. Fairclough: Mr. Chairman, I am still unwilling to ask for it.

Mr. Pearson: You got the last word, anyway.

Mr. Pickersgill: I would not try to have the last word.

Item agreed to.

PUBLIC ARCHIVES AND NATIONAL LIBRARY

Public archives—

308. General administration and technical services, $542,870.

The Deputy Chairman: This item will be found on page 62 and the details on page 405.

Mr. Pickersgill: Mr. Chairman,—

Mr. Best: Mr. Chairman,—

The Deputy Chairman: The hon. member for Bonavista-Twillingate.

Some hon. Members: No.

Mr. Pickersgill: I hear some murmurs, Mr. Chairman. I think it has always been the understood practice in committee of supply—

Mr. Aiken: On a point of order, the murmurs the hon. member heard were in connection with the fact that the hon. member for Halton had been on his feet for some considerable time when the hon. member for Bonavista-Twillingate rose.

The Deputy Chairman: The Chair did not see the hon. member for Halton but saw the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: Mr. Chairman, I have only one question to ask the hon. lady, and I am not going to inflict any speech on the committee. I think it would be of great interest to the public if the hon. lady could tell us the progress that is being made in dealing with the public records of the various departments, reducing their volume and getting them into the public records office; because in my opinion this is one of the most important functions the archives are carrying on at the present time. It could save the Minister of Public Works millions and millions of dollars in real estate if it is done quickly and efficiently. If the hon. lady could make a statement I would be greatly pleased.

Mrs. Fairclough: Mr. Chairman, the reason I did not rise immediately is that, as the hon. member knows, the work of the public archives is very diverse and to attempt to summarize it in brief form is almost impossible in a short space of time. I am anxious to answer any specific questions which the members may have, but I do have a statement with regard to the records centre which I shall be very glad to read.

The records centre, which is one of the group of government buildings at Tunney's pasture in Ottawa West, was handed over to the archives on January 3, 1956. It was formally opened on April 10, after the installation of shelving and other essential equipment. The building is approximately 200 feet square and there are five storeys. Floor area totals more than four acres. Initially, 20 miles of steel shelving were installed; another 20 miles were added in 1957.

The Deputy Chairman: Order. I wonder whether hon. members would keep their voices down. It is hard to hear the minister when she is speaking.

Mr. Pickersgill: Would the hon. lady read a little more slowly for the benefit of the duller members of the committee like me?

Mrs. Fairclough: I shall certainly comply with the suggestion. I know, Mr. Chairman, that is a fault of mine; I am inclined to speak too quickly.

When all the filing rooms are fully equipped the building will have 62 miles of shelving. In addition to file rooms, the centre has receiving and sorting rooms, a fumigating chamber, offices, reference rooms and a research room. It is thus a fully equipped branch of the public archives, with all necessary reference and research facilities.

The primary purpose of the centre is to take over from departments and agencies all records that are not required for day to day use. Such records can be divided, in a rough and ready way, into "dead" files and "dormant" files. As the name implies, the former are referred to seldom, if ever. In the records centre they are examined and their future determined, in consultation with the department in which they originated. The department advises with regard to their practical value, or lack of it; the archives determine whether or not they contain material of long term importance or historic interest. Files that are retained for departmental use are filed in the records centre; those of historical importance will ultimately be transferred to the public archives building.

Useless material is disposed of through the public records committee, established by order in council in 1945. Particulars of the files for disposal are submitted to the committee; if the committee concurs in the recommendation that they should be destroyed it in turn recommends their destruction to treasury board. Although experience indicates that

large quantities of old records can be destroyed and much valuable space and equipment thereby freed for further use, due care is taken to see that files of interest or importance are not disposed of. As the procedure outlined indicates, every proposal to destroy "dead" records must pass scrutiny from the departmental, historical, financial and legal points of view.

Files are considered to be in the "dormant" category if, on the average, references to them are not more frequent than one reference per file drawer per month. Much of the "dormant" material that has been transferred to the records centre must be referred to occasionally by the department from which it came, and the reference staff of the centre will either check a file or return the file itself to the department on loan, whichever the department prefers. In many instances additional files are transferred to the centre from time to time which must be integrated with the files already there; these "interfiles" must be handled with care and accuracy, and they are an important aspect of the service offered to departments by the records centre.

Inventories and detailed accession lists of all records transferred to the centre are compiled for the information of both the departments and the archives. These lists are so arranged that if they are merely given the file number under which a document was filed in a departmental registry, the staff of the centre can find quickly and accurately any one amongst the hundreds of thousands of individual documents that have been placed in their keeping. Quick access to records in the centre can thus be guaranteed, and this is naturally an important consideration to departments that send their files to it.

The following statistics summarize the activities of the records centre in the first three years of its operation: Cubic feet of records accessioned, in 1956, 53,471; in 1957, 29,007; in 1958, 31,242; square feet of floor space cleared in other buildings—and this is with reference to my hon. friend's remarks —46,291 in 1956; in 1957, 21,609; in 1958, 19,742. Requests for loans of files received from departments were 3,777 in 1956, 15,404 in 1957 and 35,958 in 1958. In other words, in three years the number of such requests increased over eleven times. Interfiles numbered 1,421 in 1956, 7,838 in 1957 and 63,715 in 1958, which is an indication of the increasing use being made of the records centre by the various departments of government. Cubic feet of records destroyed amounted to 240 in 1956, 7,425 in 1957 and 4,648 in 1958.

Up to December 31, 1958, the centre had thus received 113,720 cubic feet of records and had cleared a total of 87,642 square feet of floor space, or more than two acres, in offices, filing rooms, vaults, basements, attics and storage rooms in other buildings. These records came from 28 departments and agencies of the government. Much of the material transferred was placed in special cardboard cartons that are cheap, reasonably dustproof, and use the space on the centre's shelves to maximum advantage. As a result, large quantities of filing equipment were released, much of which could be used again by the departments. In the three year period, 13,881 transfer cases and 5,377 filing cabinets were released in this way.

Except in a few instances it seems probable that most departments and agencies have now sent to the centre the bulk of the dead and dormant records that were causing acute crowding and space problems. The next step will be to persuade them to make the regular transfer of their older files to the records centre an integral part of their whole registry and records systems. Only in this way can the full benefit of the facilities and economies offered by the centre be secured. Careful planning will be necessary to bring this about; and in December, 1958, the public records committee appointed a small investigating committee with a view to securing for the committee and the archives the data necessary to plan for the future from a long term point of view.

In 1957, at the request of treasury board, the records centre undertook the task of assembling, sorting, culling and filing all personnel records relating to men and women who have been in the civil service but who ceased to be employed, for one reason or another, at least three years ago. This is a complicated undertaking, and among other things involves bringing together files held by the civil service commission, the superannuation branch of the Department of Finance, and all employing departments and agencies. Good progress is being made and files are now being processed at the rate of about 12,000 per month.

I do not know whether I have answered all the questions the hon. member wished to ask, but if there is anything further we will try to supply the information.

Mr. Pickersgill: I thank the hon. lady for her very complete explanation, which I found most interesting. I hope she will forgive me if I have to leave the committee now, because I am not walking out on her account.

Item agreed to.

National library—

309. General administration, $188,279.

Mr. Benidickson: Would the minister give us an up to date report on the programming

with respect to the new library building? What are the prospects?

Mrs. Fairclough: Frankly, Mr. Chairman, this is a matter that comes under the jurisdiction of the Minister of Public Works. We had hoped, of course, that steps would have been taken before now, but having regard to the catastrophe which befell one of the public buildings in Ottawa in the last year there was some delay. I am sure the Minister of Public Works would be glad to give the necessary information to the hon. member.

Mr. Benidickson: The intentions are the same, and the only interference has been caused by the damage to the Jackson building and the postponement of the evacuation of temporary building No. 1?

Mrs. Fairclough: I would not like to say "only", because I fancy that all of that had ramifications. I would say that probably the accident, the ramifications thereof and the resultant moves of employees have been the deciding factors in the delay.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

Mr. Rapp: Mr. Chairman, when the debate on the agricultural estimates was interrupted at five o'clock last Friday for the consideration of private and public bills I had just finished my presentation regarding the freight rate on rapeseed. Today I should like to speak about the tariff on rape seed. At the present time our tariff structure allows soybean oil, the largest competitor of rapeseed oil, to enter Canada from the United States under a 20 per cent tariff. However, soybeans themselves can be brought in duty free. Beans are transported into Canada, processed here and the oil sold on the Canadian market. The Canadian processor may also ship the oil back into the United States duty free or export the oil and meal under the British preferential tariff provided they have 25 per cent Canadian content.

Cottonseed oil, peanut oil and corn oil all enter Canada duty free. On the other hand, although there is no tariff with respect to Canadian rapeseed being sold in the United States, the rapeseed is subject to a 1 cent per pound import tax. Canadian rapeseed meal going into the United States is subject to a tariff of $6 per ton. So, Mr. Chairman, I know hon. members will agree with me in my presentation of the story of rapeseed.

I should like to turn now to another subject. At this time we hear so much in my province and in the west as a whole about the high cost of production and the cost-price squeeze. Nobody can deny the fact that the farmers of the west are labouring under these conditions and that the federal government has done many things since 1957 to eliminate them. Many more such steps will be forthcoming, some in the near future and others at a later date. But we cannot remedy all the existing evils and shortcomings of the past in one year.

This accounts for the delegation from the west. The march to Ottawa this week was very orderly. The 1,100 delegates from the west who came here were anxious to bring their case personally to the attention of the government. They behaved like gentlemen and were given a most friendly reception and hearing by the cabinet and members generally.

In the brief submitted to the government they stressed deficiency payments and the two price system for wheat. Of course the government has had no opportunity so far of reviewing the brief or coming to any decision. Serious consideration will have to be given to the contents of the brief. Personally I cannot disapprove of the stand our western farmers have taken at this time, as they are only requesting a fair share of our national income, which other sectors of our economy are securing.

However, I hasten to say that the situation in which our western farmers find themselves today is not one that came into being today, this year or last year. It had its start many years ago and has deteriorated over the last five or six years, to the point where it has become ruinous to many of our farmers. Nothing was done in the past by our predecessors to stem the tide of the cost-price squeeze or even to slow it down. Had steps been taken four or five years ago; or had full support been given to farm organizations which had prepared proposals for presentation to federal authorities, and had those proposals been given unanimous support by all farm organizations and farmers, as is being done today, some of our farm problems would have been solved years ago.

If the situation is considered to be a legitimate case now, why was it not a legitimate case then when the situation was similar to or worse than the one we are experiencing today? It was apparent to everyone in the west at that time that the situation could not continue any longer, but no attempt was made at that time to alleviate the situation or to make representations to the government in power at that time. I can only say now, let this be a lesson to us, and an example. If we, as representatives in this

house of western agriculture, must speak and act for western agriculture, let us do so with a unanimous voice and without prejudice or discrimination whatever. We will have to stand up for the sacred rights of our farmers. Let us be worthy of those men who stood up in the past and asked only for equal rights and consideration, for a fair share of the national income.

We who represent the farmers in this parliament relentlessly work conscientiously toward this goal. Our government has done a tremendous job since 1957. The records and figures are there for everybody to see. New legislation has been enacted, old statutes have been revised and amended, with only one aim in mind; that is to do all that is humanly possible to alleviate the plight of the western grain farmer and bring the cost of production in line with his income.

In conclusion I should like to say we should not only be concerned with the present situation, but we should also be concerned about the future of Canada and the long range programs for agriculture, so that all problems coming before this house will receive sympathetic and fair consideration. We ask that a just hearing be given to all representations and briefs, so that all decisions will be made without prejudice or discrimination against any one segment of our nation. This is our task, and I am sure our government will complete it to the full extent of their capabilities.

(Translation):

Mr. Racine: Mr. Chairman, I would like to take this opportunity to say a few words on farm problems at a time when the estimates of the hon. Minister of Agriculture (Mr. Harkness) are before the house.

Representing as I do a largely agricultural riding in the province of Quebec, I shall, naturally, limit my remarks to the problems facing the eastern farmers. Not that the problems of the westerners are unimportant. On the contrary, western agriculture, by its very character, affects the economy of the whole country. However, I shall leave it to hon. members from the west to deal with their own problems.

In the province of Quebec, there are no large farms as in the west, but agriculture remains nevertheless, a very basic industry.

In 1951, Quebec had a population about three times as large as in 1901, and yet from a percentage point of view fewer people were farming than in 1901.

[Mr. Rapp.]

According to a news letter published by the Banque Canadienne Nationale in April 1958, there were 60 rural people against 40 city dwellers at that time, whereas in 1951, the ratio was 33 to 67. Between 1941 and 1956, our rural population has decreased by some 73,000 people. Thus it now represents only 16.5 per cent of the entire population instead of 25.2 per cent.

During that period, the number of farms has decreased by 32,000 falling from 154,669 to 122,617, whereas the farmed acreage decreased from 5.4 per cent to 4.7 per cent in relation to the area of the province.

It is obvious that the increase of productivity in spite of a diminishing labour force is due to mechanization. The latest statistics I just quoted also tend to prove that the farmer has a larger acreage to farm.

As far as mechanization is concerned, if we look over the figures for April 1958, we see that the number of combines has gone up from 55, in 1941 to 1,481. The number of tractors for the same period rose from 5,869 to 54,322.

As a matter of fact, the figures put into the record by the hon. Minister of Agriculture indicate that farm production, which amounted to $114 million in 1940, went up to $424 million in 1958. However, I feel the hon. Minister of Agriculture has probably given in his speech, too much importance to production figures, and not enough to profits made on that production by our farmers; net profit indeed is not always proportional to production figures or gross income.

In spite of this increase in productivity, how can the constant increase in the loans granted to our farmers by the Canadian Farm Loan Board or the Quebec farm loan board be explained? I quote in this respect page 3 of the Canadian Farm Loan Board report for the fiscal year ending on March 31, 1958:

> The demand for loans has continued to increase and 3,702 loans for a total of $21,278,450 were approved and placed in the hands of solicitors as compared with 2,921 loans for $13,978,700 in the previous year. It should be observed that this is the first full year of operation following the 1956 amendment of the Canadian Farm Loan Act increasing the maximum first mortgage loan from $10,000 to $15,000 and the total amount approved for loans is the largest amount approved in any year since the board has been in business. The board has continued to give the speedy processing of loans top priority by increases in personnel and improved methods in field and office work.
>
> In the course of the year 7,058 appraisal, re-inspection and collection calls involving 600,000 miles of driving were made. The average loan

was $5,748 and 63.4 per cent was borrowed to buy land and pay land secured debts, 21 per cent to pay other debts, 11.7 per cent for livestock, machinery and improvements and 3.9 per cent for sundry purposes.

In 1955, according to a table included in the report of the Canadian Farm Loan Board for the year 1958, we find that loans amounting to $8,225,500 were approved for that year, and we also note that the loans granted for the year 1958 amounted to $21,278,450, and that, for the country as a whole.

From that amount, as recorded in the report of the board, $667,250 were granted to Quebec farmers only, but to that amount should be added those loans granted by the provincial farm loan board, as far as my province is concerned, loans which amounted to $10,799,725 for the year 1957.

To that should be added also the loans obtained by Quebec farmers under the Farm Loan Improvement Act. In fact, a study of the report, published by the Department of Finance in 1957 in connection with the farm loan improvement act, indicates that $1,231,526.81 were loaned for the purchase of trucks, $6,076,781.56 for the purchase of tractors, $211,110.76 for the purchase of combines and $1,036,160.92 for the purchase of hay-binders.

If we add up all those amounts which the federal government loaned to Quebec farmers, we come to an overall total of more than $20 million.

Mr. Chairman, last Friday, an hon. member stated that the speech of the hon. member for Drummond-Arthabaska (Mr. Boulanger) was a liability for the agricultural class. It seems to me the hon. member should have studied the liabilities of the farmers themselves; in the light of those facts, he would have realized that farmers are somewhat deep in debt.

Let there be all kinds of farm loan measures, I am in full agreement with that and I fully approve such a course, but we should not forget to provide farmers with the means to repay those loans, and that, without their having to tighten their belts, so that they may have each year what they require to look after the needs of their families and make their payments on their loans.

Of course, farm production has required and will require again some changes, and it would perhaps be preferable that more generous credit terms be granted to farmers.

Besides, that is what is stated in the final report of the Royal Commission on Canada's Economic Prospects, on page 175:

> Too easy credit can aggravate farm problems by inducing an expansion in output that would lead to lower prices.
>
> Scarcity of credit, on the other hand, can prevent a desirable rise in agricultural productivity by perpetuating antiquated types of farm organization. As the mechanization of Canadian farms continues, some farmers in all parts of the country will need more medium-term capital to enable them to buy machinery and equipment, and more long-term capital to enable them to enlarge their holdings, while the rise in demand for meat will mean that more capital will also be needed for the purchase of livestock. As the result of these cumulative developments, the capital value of farm businesses will be rising on the average; and there will be difficulty in transferring them from one owner to another—in many cases it will be from father to son—unless somewhat more generous credit arrangements are available. So long as farm incomes are relatively low and irregular, it is important that fixed annual payments on mortgages and other forms of indebtedness be no larger than is necessary. Appropriate rates of interest will vary from time to time, but annual payments can be reduced by extending the number of years over which the principal will be repaid. Since the long-range prospects for farm income and for the ability of farmers to service loans would seem to be favourable, we think that farm credit agencies might appropriately extend the period of repayment up to 40 years for long-term loans and up to five or six years for medium-term loans. Extension of credit on somewhat easier terms is one way by which the adjustment of Canadian farming to changing economic conditions can be facilitated.

The price support legislation passed by the former government, and the Agricultural Prices Stabilization Act passed by the present government, have been greatly beneficial to farmers. But are those two acts adequate to give farmers all the guarantees they are entitled to? Probably not.

It is necessary that a commission be set up to study production costs of various agricultural products, and perhaps to find a way of producing and marketing such products somewhat more economically.

Statistics show that it has been possible to increase production while cutting down labour, and I wonder whether a commission set up to enquire into production costs might not have the same happy results, namely to supply farmers with scientific and technical production data, because if production costs could be lowered, farmers would be able to raise their profits and could offer for sale on the international market a number of products that the national market cannot fully absorb.

Farmers have always shown their willingness to co-operate, and the most striking

illustration of that is the co-operation they have shown in mechanizing their operations.

With regards to price support, the board notes that this matter is so important and delicate that responsibility for it should be entrusted to a board whose members could devote their full time to this task, and thus be able to forecast emergencies and to set such and such a price not only with regard to production but also to income.

Nor should the Agricultural Prices Stabilization Act be an umbrella handed to farmers when the sun shines, and taken away from them when it rains.

This umbrella policy was more or less adopted last November by the Minister of Agriculture when he said: If it should rain, or if surpluses are so large that they cannot be sold or even, in certain cases, given away, we will not be able, under the Agricultural Prices Stabilization Act, to hold prices at their present level or even less to raise them. The minister went on to say that education work was necessary and that farmers should be urged to voluntarily refrain from producing more than is required by Canadian consumers and available world export markets.

When the minister submitted his estimates on March 6 he made much of the high rate of productivity in 1958; on the other hand, in November of the same year, he told farmers the same thing, that their production was too high and that if they kept it up he would be unable to hold prices at their present level.

How can we reconcile those two different points of view? On the one hand the minister quotes farm production figures to prove that agriculture is prosperous; on the other hand he says those figures are a threat to the farmers, and cautions them that a high rate of production might force him to withdraw support prices.

I would like now to refer to a study on the matter, the MacDonald College Farm Situation and Outlook Report for 1959, published by MacDonald College, McGill University, in February 1959. Here is what I find at page 7:

(Text):

Net Farm Income Adjusted for Purchasing Power

(Millions of dollars)

Year	Maritimes	Central Canada	Prairie Provinces	British Columbia	Canada
1949 actual	57	557	747	55	1,416
1957 actual	43	507	449	55	1,054
1957 expressed in 1949 dollars	35	446	368	45	865

(Translation):

It can be seen in that report that since 1949 farmers' buying power has declined by approximately 40 per cent.

We are also very glad to find that in 1955 a Senate committee on land use was instituted. However we note that this committee does not meet often enough. This certainly does not help farmers to get what they expected from that committee. We are still waiting for its proposals and we do not know yet when it will be in a position to make them.

Another matter I should like to mention is the marketing of farm grown pulpwood.

On April 29, 1958 the report on the inquiry came out and once again we have realized that farmers who produce pulpwood had been right in complaining.

But since the report came out, I believe new circumstances have developed which are causing difficulties. So I refer to an article by Jean-Marie Jobin published in *La Terre de chez nous*, October 1, 1958:

As soon as, in any area, farmers and settlers agree on a joint plan, a remarkable thing happens: companies stop buying pulpwood. And if some of the farmers go out and ask representatives of certain companies the reason for this phenomenon, they sometimes get the following answer: "Go ask the chairman of the U.C.C. (Union catholique des cultivateurs) to buy your wood". I understand such answers have been given. Not all of the companies in Gaspesia behaved this way, but it appears that the word is given around: they stop buying, and more wood is taken out of crown timber limits.

Now if this has happened in Gaspesia, it might well spread to other areas of the province of Quebec. I would therefore ask the minister to take the necessary steps to avoid such abuses, if possible.

However, I would not like to lay all the blame on the Minister of Agriculture, because I feel that the provincial governments, having full jurisdiction over crown timber limits, might very well work hand in hand with the buyers in certain cases.

In fact, it does seem to me that the provincial governments should come to an

understanding with the companies having concessions and oblige them to purchase part of their requirements from farmers.

In the report of the director of investigation and research under the Combines Investigation Act, for the year ended March 31, 1958, we read the following:

> In the period 1948-1955, which is the period covered by the report, pulpwood purchases from all sources for use by the pulp and paper industry in Eastern Canada comprised between 26.7 and 34.6 per cent of such usage in the province of Quebec and between 30.9 and 39.9 per cent of such usage in the province of Ontario. The commission noted that: "for the pulp and paper industry as a whole, farmers' pulpwood constitutes probably less than 25 per cent of the total pulpwood used."

In other words, companies buy from 20 to 25 per cent of that wood from farmers, and it is on the basis of those figures that I say that provincial governments should see to it that, out of the amounts required by the companies, a minimum of 20 to 25 per cent should be bought from farmers at a reasonable price.

The present state of pulpwood markets in our area has shown little improvement. As I said a moment ago, I do not want to blame the Minister of Agriculture, since as far as the province of Quebec is concerned, I feel the government of that province is largely responsible for the situation. But while I hold the provincial government responsible for the situation, one should not overlook the fact that the federal government has also a certain responsibility, which was recognized by the Prime Minister himself, when he promised at Rimouski, on February 26, 1958, as recorded in the Toronto *Daily Star* of February 27, 1958:

(Text):

> The Prime Minister was in the course of pointing out that the Conservative government had put a new agricultural price support act through parliament to provide farmers with higher incomes when he lightly dropped the suggestion, almost in an aside, that wood might also be brought under the protection of a subsidy.
>
> I hope, and representations have been made, that the advisory committee and the stabilization board (which will administer the act) will give consideration to including farmer-produced woods so they will know the lowest prices they will receive a year in advance.
>
> It was presumed his reference was to pulpwood which normally is cut in heavy volume by Quebec farmers during the winter. This winter the demand for pulp has fallen off sharply as a result of the move by pulp and paper companies to reduce heavy pulp inventories.
>
> Although pulpwood is not one of the nine products which must come under price supports, the act gives the price stabilization board wide powers to include other commodities.

(Translation):

In view of that promise made by the right hon. Prime Minister (Mr. Diefenbaker), I ask the hon. Minister of Agriculture (Mr. Harkness) to carry it out if possible, or at least to give it very thorough consideration.

I would also like to read to the hon. Minister of Agriculture some paragraphs of a letter I received from several poultry farmers in that area who are now complaining of heavy American imports that are jeopardizing the marketing of Canadian chickens at a reasonable price. I shall just quote the two following paragraphs:

> In 1957, imports of U.S. chickens amounted to 1.4 million pounds; in 1958, they went up to 6.2 million pounds, almost five times as much as the previous year.
>
> As a result of those massive imports, Canadian chicken prices have dropped alarmingly and on January 1, 1959, storage stocks were twice as large as a year ago.

This situation is highly prejudicial to Canadian poultry farmers, and especially to producers of broilers. The government of Canada should hasten to introduce legislation that would afford better protection to our poultry farmers; otherwise, they will have to give up the market to American producers.

I therefore ask the hon. Minister of Agriculture to give favourable consideration to the representations of Canadian poultry farmers so that they can stay in business and not suffer too much from exaggerated competition on the part of foreign countries.

I would also like to deal with another problem which hon. members may think exists only in the riding of Beauce. Of course I could not speak about farming without mentioning maple syrup.

If we refer to a press release issued by the department of agriculture of the province of Quebec, we find the following constituencies produced over 20,000 gallons for the years 1951 to 1954.

I would like to read the list of these constituencies, together with production figures, so that the members for these twelve ridings may make representations for the settlement of this problem which is of concern to us. The matter of maple products does not concern the Beauce district exclusively, since twelve constituencies are heavy producers of maple products:

	gallons
Beauce	262,500
Megantic	186,000
Arthabaska	117,200
Dorchester	113,800
Frontenac	108,125
Bellechasse	79,000
Shefford	97,800
Brome	49,500
Compton	40,550
Lotbiniere	51,900
Wolfe	25,225
Portneuf	31,800

At the bottom of that page of statistics, we find this note:

All other constituencies produce less than 20,000 gallons—260,000 pounds.

Thus, as I said earlier, the matter of maple products does not concern Beauce district alone, since twelve constituencies are considered heavy producers.

Therefore, I urge the members for these constituencies to make representations for an efficient solution to that problem.

During the last election campaign, I did not have the pleasure of receiving the visit of the Prime Minister in Beauce riding. However, I admit that I would have appreciated it very much, as I am sure that he would have promised to solve the maple syrup problem, because wherever he went he promised to solve all problems.

Perhaps some government members will reply that the Liberals, while they were in power, took no action to help solve this problem.

Mr. Pigeon: That is a fact, an obvious truth.

Mr. Racine: I would recall to the house, and not only for the enlightenment of the hon. member for Joliette-L'Assomption-Montcalm, that in 1940, the government favoured the exchange of sap pails and that, up to 1955, 17,047,310 pails had been turned in, involving a grant of $2,932,447.78 on such exchanges.

Moreover, in 1939, the former Liberal government passed the Agricultural Products Co-operative Marketing Act. Under this act, the Canadian Minister of Agriculture could guarantee bank loans to enable co-operative organizations dealing in maple products to market their merchandise in a methodical way.

Mr. Pigeon: Would the hon. member for Beauce allow me a question?

Mr. Racine: I would ask the hon. member for Joliette-L'Assomption-Montcalm, since my speaking time is running short, to kindly wait till the end of my remarks before asking me the questions he has in mind.

Mr. Pigeon: Very well.

Mr. Racine: Moreover, in 1945, under the former administration, the government had taken steps to protect sugar producers in regard to their operations. Those are three

cases where the former government took action. I would ask the present government to act at least once to help our sugar producers.

There are many other agricultural problems that I could deal with, but I shall be content with those I have mentioned. I feel, as I am sure the Minister of Agriculture feels, that agricultural problems are of utmost importance and that the government should pay special attention to those problems, because they present both a social and an economic aspect and, as I said before, they exist in western Canada no less than in eastern Canada.

Mr. Pigeon: Mr. Chairman, the hon. member for Beauce (Mr. Racine) has allowed me to put a question to him after he was through. I should like to ask him why the previous Liberal government has discontinued grants on the exchange of sap buckets.

Mr. Racine: Mr. Chairman, I am pleased to answer the question of the hon. member for Joliette-L'Assomption-Montcalm. I believe that grants on sap buckets exchange were discontinued in 1955. At that time, 21 million maple trees had been tapped and more than 17 million sap buckets had been replaced. The policy established by the previous administration had then been profitable to the great majority of producers of maple products. The hon. member will agree that many of those sap buckets are now obsolete and that it is now up to the present government to revive this legislation for the benefit of our maple producers.

I want also to point out that the hon. member for Joliette-L'Assomption-Montcalm seems to blame the former administration exclusively for this problem which now besets the maple product industry. He seems to forget that on three occasions, the former Liberal administration did show concern for sugar producers, and it was as a result of the action taken that we now have a sugar producers co-operative, which can store its syrup because of the government guarantees to banks that make loans to sugar producers.

Mr. Asselin: Mr. Chairman, the introduction of the estimates of the Minister of Agriculture (Mr. Harkness) affords me a welcome opportunity to make very brief comments on two questions which are of concern for the farmers in my riding. These are the poultry market and the pulpwood industry.

I do not want to rehash what was said by the hon. member for Beauce (Mr.

Racine), but refer to representations which were made to me by the farmers in my riding. I shall try to deal with them very briefly.

In 1957, as you know, the government introduced a measure providing for an embargo on the products and sale of poultry from the United States. The enactment was particularly welcomed by our poultry farmers since this legislation, at the time, saved our poultry market in this country.

Apparently the measure was of short duration and poultry farmers had no way of knowing that it would soon come to an end.

On learning that the government had put an embargo on poultry, poultry farmers expanded their facilities so as to produce more. Thus, in my own riding, where there are many poultry producers, almost $300,000 was spent in 1957 and 1958 to improve and build chicken houses, incubators and other equipment to improve the quality of the product. They could afford to do this because they could then confidently compete with their American counterparts on the Canadian market, as the Canadian embargo had somehow slowed up poultry production in the U.S.A.

It is unfortunate that the embargo on turkey and poultry has been so short-lived in 1947, for our poultry farmers' overproduction has alarmingly depressed the turkey and poultry market.

Mr. Chairman, like the hon. member for Beauce, I have received serious representations from several poultry farmers in my riding who would like the government to take firm and immediate action in order to correct that situation.

Personally, I do not think that it is so much the quantity of broilers imported from the United States that is affecting our market as the ready availability to Canadian outlets of American poultry at prices that our own poultry farmers cannot meet.

Just now, the hon. member for Beauce read an extract from a letter he too had received from various poultry farmers. The letter pointed out that, in 1957, American chicken imports amounted to 1,400,000 pounds, and in 1958 to 6,200,000 pounds, i.e. five times as much as in the previous year.

According to poultry farmers, that state of affairs is highly prejudicial because the massive imports of American poultry have contributed to lower the price and they also doubled our stocks as of January 1, 1959. I therefore ask the hon. Minister of Agriculture to consult with his colleague, the Minister of Finance (Mr. Fleming), and to consider amending the customs tariff in that regard.

Mr. Chairman, I also wish to draw the minister's attention to another problem that was dealt with rather briefly by the hon. member for Beauce. I am referring to the problem of production and sale of pulpwood.

It is recognized that in my province, farmers must sell a certain amount of pulpwood every year in order to make ends meet. In Quebec province, the government has taken some action in this regard, contrary to the assertions of the hon. member for Beauce. The government has passed an act that allows our farmers to form a kind of union, as a means of rationalizing woodcutting operations both in regard to quality and to quantities. The act also aims at protecting our farmers against the practices of certain buyers who formerly purchased wood from the farmers at ridiculous prices.

As we all know, pulpwood production is an important factor of our Canadian economy since approximately $900 million are spent each year in Canada on forest industries.

Moreover, a review of economic prospects of forest industries in Canada shows that of the 263,000 farms which reported to the 1951 Census, 235,000 were engaged, in 1950, in forestry production. Farm wood lots accounted for close to one tenth of the pulpwood and rough sawn timber production and for most firewood.

Those remarks, Mr. Chairman, clearly indicate that the problem of our farmers, in so far as the production and sale of their pulpwood are concerned, is not one to be given second priority.

But it is of no use to them to do their utmost to improve the quality of their forest products if they must suffer, from the companies, a kind of boycott with the aim of forcing them to sell their products at prices lower than production cost.

And yet, companies using pulpwood for the production of newsprint make substantial profits which would warrant their paying a reasonable price to farmers. The export of newsprint has not slowed down very much for the last ten years. Markets for that product are stable, and it could even be added that they rather tend to increase.

In 1950, 4,000 tons of paper were exported to the United States; in 1955, 5,000 tons, and it is expected that our exports to the United States will reach, within 12 years, 7,000 tons. If we add that the price of newsprint ranges from $120 to $140 a ton, we realize that the profits made by companies in that industry are high enough to enable them to pay our farmers a reasonable price for pulpwood.

The problem now facing our farmers is very serious. Paper companies categorically refuse, at least in my constituency, to buy wood from our farmers at a price determined by the Union Catholique des cultivateurs. Their attitude, in my opinion, is akin to a conspiracy between buyers of that type of wood to refuse our farmers' pulpwood or, at least, to buy it at a price often lower than its production cost.

In 1958, when I took part in the debate on the address in reply to the speech from the throne, I mentioned the unfairness suffered by our farmers. I said this:

> The gross unfairness prevailing on the pulpwood market in our part of the country cannot be too strongly condemned, Mr. Speaker. Dealers and buyers compete for the purchase of this wood, often below production cost. It is high time that the Minister of Agriculture (Mr. Harkness) appoint a committee of men familiar with this matter who would study pulpwood problems and determine whether it would not be appropriate to ask the Industrial Bank of Canada to finance the creation of small pulpwod companies or co-operatives, in specified districts, to handle the buying and selling of this product in such a way as to avoid our people being victimized by any glaring unfairness in this field.
>
> We would like the Minister of Agriculture to include pulpwood in the price stabilization act. The plan would be quite practicable, for the profits made by corporations on each ton of paper are well known.

Obviously the matter of price stabilization on pulpwood comes under the provincial jurisdiction but I would encourage the minister to given this matter careful consideration so as to help provinces find a solution which would be of material assistance to our farmers.

I therefore submit these remarks to the minister's consideration. I am sure they will relieve him from the thorny problems raised this week by the delegation from the western provinces regarding deficiency payments on wheat.

(Text):

Mr. Peters: Mr. Chairman, I see it is almost one o'clock. Will you call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

[Mr. Asselin.]

The Deputy Chairman: Order. I understand that the Minister of Transport wishes to make a statement with Mr. Speaker in the chair. Will the committee agree to my rising, reporting certain resolutions and requesting leave to sit again later this day?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

AIR TRANSPORT

ANNOUNCEMENT OF MODIFICATION OF BILATERAL AGREEMENT

Mr. Speaker: Has the minister leave to revert to motions for the purpose of making a statement?

Some hon. Members: Agreed.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to take this opportunity to advise the house that successful talks have been held between Canadian and United States officials who met in Ottawa on March 12 and 13 to discuss modification of the bilateral air agreement of June 4, 1949, as amended.

The discussions concentrated for the most part on improving present trans-border routes so as to provide a better service to the travelling public of both countries. The delegations expressed the hope that the discussions would be resumed at an early date to review the air traffic requirements of the two countries on a broader basis.

The two delegations agreed to recommend to their respective governments the following improved services. Canadian carriers may operate between (1) Prince Rupert and Ketchikan; (2) Calgary and Spokane; (3) Winnipeg and/or Kenora, International Falls and Fort William-Port Arthur; (4) Toronto and Buffalo; (5) Halifax and New York by an extension of the Halifax-Boston route.

United States carriers may operate between (1) Ketchikan and Prince Rupert; (2) Spokane and Calgary; (3) Great Falls and Calgary in replacement for Lethbridge on the existing Great Falls-Edmonton route; (4) Minot and Regina; (5) Duluth-Superior, Fort William-Port Arthur and Hancock-Houghton; (6) Buffalo and Toronto.

It was also agreed that a United States carrier might serve Portland, Maine, as an intermediate stop on the existing route between Boston and Montreal and that

Winnipeg might be served on present U.S. turnaround flights between Minneapolis-St. Paul and Edmonton. This agreement will be put into effect, when approved by each government, by an exchange of diplomatic notes.

Mr. Chevrier: May I be allowed to ask one or two questions? First I should like to say that the negotiations, as the statement points out, have been in the offing for some years and I am happy to be able to hear the minister say that they have come to fruition. However, as the minister read the statement I was struck with this reaction. There seem to be five concessions granted to Canada and six granted to the United States. In addition, United States carriers are to serve Portland as an intermediate stop on the existing route between Boston and Montreal and Winnipeg is to be served by a United States carrier on the present turn-around flight between Minneapolis and/or St. Paul and Edmonton. My first question is this. What does Canada get in exchange for these additional rights granted to United States carriers on the over-all basis?

Mr. Hees: The answer to that question is that the inclusion of the very important stop of New York as an extension of the Halifax-Boston route is considered to be equivalent to the additional privileges granted the United States which the hon. member for Laurier has just mentioned.

Mr. Chevrier: Another question comes to my mind. For many years now T.C.A. has been trying to get fifth freedom rights at Miami. Did that matter come up for discussion and is there some hope that Canada, through its chosen instrument, T.C.A. will be able to get fifth freedom rights at Miami in the near future?

Mr. Hees: That is one of the calls which we have very much in mind. I can assure the hon. member for Laurier that in the future talks we expect to have on these matters we will continue to press for that additional route.

SUPPLY

The house in committee of supply, Mr. Rea in the chair.

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

Mr. Peters: Mr. Chairman, in years past we have heard it said that many of the members from eastern and central Canada are not familiar with agriculture and these members have had to listen, without knowing too much about agriculture, to other members discuss the subject. However, I think that cannot be said now of the present membership of the House of Commons because during this week we have had the opportunity to hear a number of western farmers present a specific problem.

It may be quite true that the industrial sections of Ontario are not too concerned with the matter but I do not think it can be said any longer that they do not understand some of the problems facing farmers across Canada and particularly the grain producers of western Canada. Over the years politicians on both sides of the house have supported the need of establishing a closer relationship between the cost of the goods the farmer must buy in order to produce and the amount of money he gets for his product. When the Prime Minister and other ministers of the government sat in the opposition they pointed out the need to establish a fair relationship between the cost of production and the selling price of the product. This has not been put into effect and is not being put into effect at the present time. It is true that some slight consideration has been given to the matter under the Agricultural Stabilization Act but in general no consideration has been given to establishing parity prices for farm products.

I am sure that the farmers of western Canada are well aware—the delegates I spoke to were—of the need to establish a fair and just situation so that as their production costs rise they will be able to justify their position when they ask more from consumers in the rest of Canada for what they produce. I should like to congratulate the people responsible for the delegation. Their manner was certainly controlled, quiet and dignified. They presented their arguments to the government and to members generally in an orderly and reserved fashion. I think they were a credit to the people they represent and made the contribution they came here to make.

It was stated by a number of members that this delegation was not necessary. It would have been fine to send only two or three people down to represent them. I am quite sure if that had been the method chosen

the delegates would have made a fair representation. I am quite sure that the 300,000 people who supported this delegation, who gave money to pay the expenses involved in the delegation, are going to find much more satisfaction in being able to talk to their delegate and hear firsthand of the reception he received in Ottawa. I think these people are going to be anxious to find out if there was any difference in the attitude of the government between the time the delegation arrived in Ottawa and the time they left for Ottawa.

I think we need to look no further than the front page of the *Financial Times,* which states it is Canada's newspaper for investment, to ascertain that they congratulate the government for having turned a deaf ear to deficiency payments. The article is headed "Deficiency Payment Denial Augurs Well". Then it goes on to say what they think about giving any subsidies to western grain producers. On the opposite page of the same newspaper there is an advertisement which probably gives you a better idea of what they suggest you should do, and that is buy British Columbia Electric bonds which carry an interest rate of 5.63 per cent. I think that this is their solution, and if it is then the government has given the answer that that is the best thing to do.

Let us look at what has been happening to agriculture in general. The dominion bureau of statistics figures on December 10, 1958 point out that the cost of living and production index for the western grain producers stands at 244.9, taking 1935-39 as equalling 100. In other words, it means that it costs the prairie farmer $2.44 for what one dollar would buy in 1935. This means that the $1.40 initial payment on wheat is worth only 57 cents in 1935-39 value of money, basis of No. 1 northern wheat, Fort William. This is equivalent to a price at a country elevator point of approximately 49.5 cents a bushel.

As has been pointed out, the western farmer is faced with a most serious position because in the period from 1945 to 1953 the cost of production had risen by 51 per cent. During the same period of time the price they got for their wheat went down by 21 per cent. This is an indication that something must be done for these people. I do not believe they came here asking for a handout. What they are asking is that some consideration be given to the fact that the Canadian government sells their wheat, and it takes some time before they know exactly what they are going to get for that wheat. They now find that they are not going to get a price that is in keeping with their cost of production. They are asking the government, through a short range program, to pay deficiency payments for the last three years. I suggest that the remaining segments of the economy of Canada would look favourably on this type of payment. It could easily be pointed out that the farmers of western Canada are not going to be able to produce if they have not enough money to pay the expenses they incur in the production of that wheat.

We have assumed in Canada a responsibility for the marketing of their wheat. We have assumed, or we have neglected to assume, any responsibility for the matter of inflation which has meant that the money they have received has not been worth as much as it was previously. We have this responsibility, and I think we have a responsibility to the farmers of western Canada to see that they continue to exist in that area.

These farmers came to Ottawa and presented their case. I think they are going to do something else besides present this case. I am sure they are going back to their own areas and they are going to report upon the reception they received from the government as well as individual members of parliament. They have already one western member's report in this house that there was no need for this delegation to come to Ottawa because 47 Conservative members had been elected from the west to do the talking for these people. I feel these members are going to have to do more talking for the delegation because I think much more pressure is going to be put on them.

We have made inquiries about this dollar an acre payment versus deficiency payments. In no case did I meet a farmer who considered the dollar an acre payment to be a substitute for deficiency payments, and I did not meet any farmers who considered deficiency payments or acreage payments or both to be any substitute for a full parity price program. These farmers realize they can justify to the other segments of the Canadian economy their request for the cost of production plus a fair and reasonable wage. I do not think they are asking for anything unreasonable.

Mr. Horner (Jasper-Edson): Would the hon. member permit a question? Would he like to make things a little bit clearer? Would he state definitely his party favours paying to the largest farmers in Canada a cash payment of $4,500?

Mr. Peters: I cannot answer that question. The reason is I do not know the mechanics or the method that would be used in paying it.

An hon. Member: Did you read the brief?

Mr. Peters: Yes, I read the brief. You asked me about a specific amount, about a specific case. Our party is on the record as endorsing these deficiency payments as presented by this delegation. We agree that these would be made once and that this is no solution. We are going to have to give consideration to a much more satisfactory method of financing agriculture, not only in western Canada but in all of Canada. It is because the situation with respect to the grain producers is so desperate that these deficiency payments are the only answer at the moment. The exact amount, and how it applies to a specific case, I am not familiar with that.

Mr. Horner (Jasper-Edson): Read the brief.

Mr. Peters: The brief explains it, and the hon. member can read the brief if he has any doubt about it. We do support their representations.

There are, Mr. Chairman, many other problems in connection with agriculture today. The Prime Minister on numerous occasions spoke so eloquently on this matter of parity prices, but he has given no consideration to implementing this policy for agriculture. In my particular area we are not grain producers but engage in mixed farming. We find the same problems exist in Timiskaming, in the fruit growing areas of southern Ontario and the grain producing areas in the west; in fact, in all agricultural areas in this country. We have recommended over the years, as have many other members, that parity prices be applied. We do not ask for 50 per cent parity or 150 per cent parity, but full 100 per cent parity. This parity, we should make clear, includes the cost of production plus a fair and reasonable wage.

Mr. Brunsden: Would the hon. member permit a question? Would he give us his definition of parity in relation to agriculture?

Mr. Peters: I thought I was doing that. I do not think parity is very difficult to define. This term is being used, and the policy of parity followed, in one small segment of agriculture in Ontario. They do not call it parity prices. We may disagree with the original starting point they use, but the whole milk producers in Ontario are using a formula of prices in which they take into consideration the various commodities they purchase, the expenses they incur in the production of that particular product, and when those prices rise by a certain ordained amount, then the cost of the product to the consumer rises in accordance with their formula.

Mr. Muir (Lisgar): Would the hon. member permit a question?

Mr. Peters: Yes.

Mr. Woolliams: I should like to ask if the greatest cost—

The Chairman: Order. I recognize the hon. member for Lisgar.

Mr. Muir (Lisgar): In the United States, under their agriculture policy, they have a percentage of parity. The government now holds $9 billion worth of farm products. This year it is going to cost that country an additional $7 billion. How would you avoid that situation in Canada with full parity when down in the United States they have got themselves in such a mess with only a percentage of parity?

Mr. Peters: The hon. member well knows that we are not going to justify what happened in the United States or try to explain it. I should just like to remind him how difficult it is to apply to the Canadian economy United States programs and to suggest to him that he read the Clark report on another subject. We are not suggesting that we follow the United States program. We are suggesting something which I think is fair and reasonable and which can be understood by anybody. I do not think you can expect any segment of the Canadian economy to produce any product at less than it cost them to produce it. It seems to me that any business which operated at less than cost for any period of time would be bankrupt, no matter what their reserves were.

The farmer has been able to exist in this type of situation by the simple expedient of not worrying about depreciation and not worrying about labour. We are finding that the very fact that the parity price has not applied is one of the reasons why we are getting surpluses in Canada. Every farmer knows—and if the hon. gentleman lives on a farm he will know it—that if he can make a decent living with 160 acres and 20 head of cattle, then he will farm with 160 acres and 20 head of cattle. But if he finds that the amount of money he has at the end of the year is not enough to take care of the debts he has incurred, then he rents the farm across the road and works twice as long hours and puts in another 20 head of cattle. Then the next year, when he still finds that he is not making a go of it, he buys some more land or rents it and puts some more cattle on it and he neglects such things as buying

fertilizer and he ignores such things as painting the barn and doing the other things that a farmer will normally do as a conservationist. You can check the figures, Mr. Chairman. You do not need to take my word for it.

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

Mr. Peters: I think I had better keep on with the speech. I should be quite happy to answer questions at the end of it. I have a number of points I should like to make and I think I had better continue. If we go back to 1945 we shall find that at that time the Canadian farmer came as near as he has ever come to a parity price but the cost of production was about equal to the selling price of his products, and at that time we did not find surpluses piling up. I know that on our own farm we were making a fairly decent living. We had one pasture besides the home one. Last year they extended the barn. They have put in almost twice as many cows. They are now farming five farms and my father was telling me the other day that they are making less money than he has made for a great number of years.

These matters of parity are relative, I think, to the needs of the farmer himself. If a farmer finds that he can break even, he is lucky. I do not think he has ever been one to ever put any money in the bank. I know few farmers that have ever become really rich.

Some hon. Members: Oh, oh.

Mr. Peters: Most of the rich farmers have come from some other industry. I think that is perfectly true even with regard to the Minister of Agriculture who did not go into farming and come out of that industry but who went into it from another field which I do not think was too lucrative either sometimes.

Mr. Harkness: I might say that I never got rich in any of them.

Mr. Peters: I agree that that is a true statement. Certainly I would agree that it is true of the farmer himself. But in the main, farmers have not been ones to abuse their farms in times when they were making a fairly decent living. They were willing to put fertilizer on them, to do summerfallowing and do the other things that make for good farming. These are things that they will continue to do as long as they get a decent living. But when they are getting less than parity, they are going to produce surpluses because they are going to be obliged to produce twice as much.

On a number of occasions the minister has pointed out that the farm cash income is higher this year than it has been for a number of years. I think this statement is probably true. But I also think it is not correct to imply that the farmer has more money now than he had before. I think this situation results from the farmer having to overproduce, from his having to put in a couple of extra head of cattle in the barn and having to sell an extra couple of beef. I am sure if the farmers from western Canada were asked—and they should know about the matter—they would tell you that they have sold more beef this year than it has been their practice to do in the past because the price has been good and they needed the money, and this has raised the price.

I had some research done into the total price index numbers, taking into consideration the drop in the value of our dollar. Our deflated cash income from farm products, according to these figures has dropped 7.37 per cent. At the same time these figures also point out that comparing the average for 1946-1956 with that of 1957-1958, the farm cash income has risen by 10.26 per cent; the net farm income has dropped by 11.14 per cent; the deflated cash income from farm products is down 7.37 per cent; and the deflated total net income is down 34 per cent. Mr. Chairman, I think this is the reason why there has had to be an increase in production. This is the reason why there will be a surplus established with low prices and not with high prices.

Agriculture is faced with another problem that is almost insurmountable. We have it in eastern Canada. This may not apply to areas for deficiency payments. This situation may not apply to western Canada yet, although I suggest that they had better take a close look at it because it will affect western Canada shortly. I refer to the matter of vertical integration. A great deal has been said about vertical integration, some of it in a light vein and some of it in a heavy vein. I noticed in the *Western Producer* a short article on vertical integration. It reads as follows:

The most striking example of vertical integration is to be found in the northern Saskatchewan constituency of Athabasca,—

An hon. Member: That is in Alberta.

Mr. Peters: The quotation continues:

—says C.C.F. MLA John Harrop. One of his constituents raises chickens in an old mine shaft.

This is one aspect of vertical integration, I assume, because vertical integration means integration from the top of the bottom. If he has filled a mine shaft with chickens, I suppose that is vertical integration as far as the mine shaft is concerned. I might say that this is a new use for mine shafts.

Vertical integration in Ontario has become a major problem. I am told that the broiler industry is 98 per cent integrated at the present time. The pork industry is 30 per cent integrated and 10 per cent of beef production is involved in vertical integration or contract farming in one form or another. Vertical integration and contract farming are terms which are widely discussed and sometimes misunderstood even by the farmers themselves. I am told that vertical integration is the last stage of contract farming.

There are four major stages in contract farming. Many farmers have had to accept contracts because of their inability to get cash for such things as feed or the primary products and commodities which they need. The first stage of contract farming would be the feed companies supplying the money or the feed necessary to produce a particular crop. The producer is allowed to buy his own primary product and to sell it on the open market. Then he has to pay off his obligation under the contract. Interested in this type of contract farming are the feed companies, the packing companies, a number of industries and, also, a number of general stores.

The second stage of vertical integration arises where the feed is supplied under contract, and the primary product, too—the chick or the suckling pig, the small calf or whatever it may be that the farmer proposes to raise. The market is open and the farmer is allowed to pay off his contract with the money he receives from the sale of his product on the open market.

In both these stages marketing legislation would be of assistance and it is obviously to the farmers advantage to press the government for the type of legislation most suitable to his selling operations.

In the third stage of integration the contract will call for feed to be supplied and for the primary product to be supplied. In addition, there is an undertaking to supply the market as well. In this phase we find a number of the chain stores handling the finished product, and obviously in such a case as this it does not really matter whether there is marketing legislation or not, because it simply does not apply.

The fourth stage, which is total vertical integration arises where the feed, the primary product and the market are supplied and where, in addition, the buildings are owned by the company or interest managing the enterprise, and in which the farmer is only an employee or labourer engaged by the financing interest. I suggest that this last stage of contract farming or vertical integration will probably be the easiest to handle, because one of the enterprising labour unions will organize these farmers and the farmers will finally end up with a decent wage and a decent standard of living. If this is the way the farmers want it, all they have to do is wait for a short time and this will happen in the province of Ontario.

Some time ago a young farmer from Almonte was in to see me and he told me that if the change to vertical integration continues in Ontario during the next ten years as it has done during the past three years there will be no more family farms as we know them today. I questioned two leading members of farm organizations about this—Mr. Hannam and Mr. Patterson—and neither of them would disagree with this statement, though they thought the process would take rather more than 10 years.

I think this is a very serious matter, and the minister should give earnest attention to it. If farmers are to be forced to sign contracts for feed, primary products and even markets, then I think it behoves the government to work out contracts which would be acceptable to the farmers concerned. In some cases where a farmer is in stage 2 of vertical integration, for example, the financial result may not turn out too badly, but in other cases the results can be disastrous. The same young farmer to whom I referred a moment ago told me of the experience of one of his neighbours who had entered a contract with regard to broilers. He had a thousand, and when things did not go too badly he was encouraged to go into the business deeper. He went into bankruptcy in two years in the sum of $57,000, and the reason was that when the broilers in his buildings were ready for market he was told: sorry, but the price has dropped, it is now 18 cents. Since this man's cost of production was something over 20 cents it was obvious that it was impossible for him to do other than sustain his serious loss.

Mr. Horner (Acadia): One would not draw the inference from that example that contract farming is likely to continue.

Mr. Peters: Certainly not, but one must feel sorry for anyone who is placed in this position. Small feed companies can no longer supply six months credit as they were once able to do, for the simple reason that they cannot borrow at sufficiently cheap rates. Interest rates have gone sky high, these financial companies are advertising bonds at 5.3 per cent, and it is obvious that seed companies cannot give credit at interest rates lower than this. They are obliged to charge the farmer a higher interest rate than they themselves must pay to the banks, if they are able to obtain loans at all. We are not suggesting that contract farming is a good thing,

because it is not, and I ask the minister to give very serious consideration to this question of vertical integration as it affects all agricultural production before it is too late.

Mr. Horner (Acadia): I think I would be remiss if I did not speak on agriculture at this time because my constituency depends a great deal on the condition of agriculture. First of all, I should like to commend the delegation which has recently been in Ottawa on their able presentation of their brief and on their behaviour while they were here, and I hope that in my small way I can do something here, along with the other western members, to promote better conditions in the west both with regard to wheat and with regard to the general agricultural picture.

I do not wish to comment to any great extent on the remarks just made by the hon. member for Timiskaming. The hon. member talked about farming conditions, but I realized that he knew very little about farming conditions. He discussed contract farming and told us what a great threat it is to the farm industry as we know it today, and then he went on to cite a very good example of one of the dangers faced by farmers who enter this type of farming. It seemed to me that the example he gave pointed to the very opposite of what he had been saying up till then.

In western Canada we have two main sources of income—wheat and cattle. In my constituency we sell as much wheat as in any other constituency in Alberta, and probably there are as many cattle raised. On the average the farmers in my area had a fairly good year in 1958. However, they realized that this was due to the demand for cattle and to the relatively high prices paid for cattle on the United States market. They are greatly concerned lest this should bring a false sense of security to farmers in western Canada, because there is no assurance of a continued demand from the United States for Canadian cattle. It should be realized that apart from income derived from cattle revenue from all other sources is low.

During the past six or seven years there has been a great deal of diversification of crops in western Canada. The farmers went into the production of durum wheat at a time when the price of durum was slightly higher than that of hard spring wheat. Today the price of durum has fallen and we have a slight surplus of it. Quotas have been imposed on its sale. There is no longer any incentive for farmers to continue in the production of durum wheat to any large extent.

The same may be said of flax. Six or seven years ago there was a growing tendency to go into the production of flax but today the price is down. Although we have disposed of some of the crop through the manufacture of linseed oil and exports the price has fallen very low. There is little advantage in going into the production of flax over the production of hard spring wheat.

The same remarks would be applicable to rapeseed which had a very encouraging price at one time. The price has declined to approximately half what it was and there now remains little encouragement to go into the production of rapeseed over hard spring wheat. I am pointing out these facts so hon. members of the committee will realize that with respect to field crops the situation in western Canada is somewhat serious. The prices that can be commanded for field crops are falling and the costs of production are rising.

On the one hand we have labour causing strikes and demanding higher wages. On the other hand we have management failing to take constructive action. The results of these failures fall back on the primary producer. He is the one who in the end has to pay for these failures. A good example of labour causing strikes and not caring one bit who suffers is the longshoremen's strike on the west coast last fall. It primarily affected the farmers of Alberta because to a large extent their early fall shipments of wheat go to the west coast. Some farmers in my constituency could not even deliver their initial quotas in the fall because the market was tied up on the west coast and the boats were not being loaded. Many farmers in my area were unable to deliver their initial quotas until January of this year. Incidents of this type have a severe effect on farm families.

I am a farmer and I feel qualified to speak about the position of farmers in western Canada. Farmers operate on borrowed money all summer. I would say this is true in the case of nine out of ten farmers. In the fall the farmers are in dire need of a little ready cash. When the initial quotas are not readily made available the farmers must obtain further credit and sometimes it is difficult to secure the "little more" that is required.

To illustrate how the primary producers are affected by labour I shall quote an article that appeared in *The Rural Scene*, volume 13, of June, 1958. This article considers the wheat pool figures in relation to the cost of a small combine. I emphasize that a very small combine is used in the illustration because most combines are much more expensive than the one referred to in this example. The article states:

> In 1946 it took 1,845 bushels of wheat to buy a small combine; and today it would take 3,963 bushels.

And later:

If a combine cost 1,845 bushels of wheat in 1946 and the price of wheat has dropped 20.8 per cent since then, and if no other prices had changed, the present price of a combine would be 2,335 bushels of wheat, or 490 more than it cost in 1946.

That is due to the drop in wheat prices alone. I continue:

But the price of combines has changed, and now it is 3,963 bushels of wheat. This is 2,118 bushels more than it was in 1946. The drop in the price of wheat accounts for 490 bushels of this. The balance, 2,118 minus 490, or 1,628 bushels, is due to the rise in the price of the combine. This rise in the prices of the things he buys is what really hurts the farmer.

The article concludes:

The answer is plain to see. Labour costs have moved steadily upward ever since the war and they show every indication of continuing to rise in the future. Not only the direct factory labour but also the labour involved in producing the raw materials and transporting them. All labour costs have risen.

I cite this as an illustration of another side of this picture. The farmers are concerned about continually increasing costs due to another part of our economy taking advantage of the primary producers. The farmers have to pay for this.

The cost of farm machinery in my area went up 6 per cent last fall and then along came the 17 per cent hike in freight rates. The price of tractors in my home town went up an additional $35 to $40 as a result of the increase in freight rates. While on the subject of freight rates may I say that I am glad to see on the order paper notice of the intention of the government to bring in a $20 million subsidy which will perhaps defray some of these increased costs.

During the last three or four years the price of tractors, cars, trucks and other large items that farmers must buy increased in my neighbourhood by between $600 and $1,000 and in the same interval, as I pointed out, the price commanded by field crops has fallen.

Labour is not solely to blame; management is at fault, too. Management has made no sincere effort to put out a machine and hold the cost of that machine. I do not know if hon. gentlemen are familiar with tractors but I will use them as an example. What have machine companies done in the past few years in terms of holding down the cost of the machines to a level that would bear some relationship to the price a farmer gets for his goods? They have continually changed models and designs. During the last four years they have continually switched from model to model and from design to design and now I notice that a tractor has been put on the market that has a two-tone paint job. This type of activity results in making it difficult for local agents to stock the many parts that are required for repairs to the machine.

During the forties tractors with rubber tires were put on the market. The fifties witnessed the addition of headlights on most tractors, individual wheel brakes and motors that would stand up fairly well to heavy use. There has been no drastic change in tractors in the past two decades. The price per horse power, however, has practically doubled. As I said, the manufacturers are continually changing the external designs and we now have had the introduction of a tractor with a two-tone paint job that is perhaps no better than the tractors manufactured during the fifties although they have doubled in price since then.

I do not wish to dwell on this subject at too great length but I cannot resist mentioning that in my home town the farm equipment dealer four years ago sold more combines than any other dealer employed by that manufacturer in the province of Alberta. He was awarded a medal for doing so. Last fall this man had in stock two combines that were a carryover from the previous year and he could not dispose of them. I think he finally bought one himself at a loss just to move it. That is the type of problem confronting the dealers. Increased prices of equipment have meant that they are unable to sell the machines. A farmer certainly hesitates before paying $7,000 or $8,000 for a combine to take off his crop because although we have had fairly average yields in the last two years the prices commanded by field crops have been decreasing. This has to be considered also.

I have been told by one machine company that they have a price for machines which they charge in this country and another price which they charge in Europe, for instance. Those machines are made either in Canada or in the United States, taken across to Europe, and sold in that market at a much lower price than they are sold at in Canada. In other words, they have a two-price system for their machines, and this is very discouraging to the farmers of this country because they realize that the machine companies are charging just as much as the market will bear. Sooner or later the machine companies, for one reason or another, are going to price themselves right out of the market.

I think it was very evident from the delegation that was down here—I know the farmers from my constituency expressed it in various ways—that it is the cost-price squeeze that is the greatest problem so far as the agricultural picture is concerned. It is those irresponsible actions on the part of

labour and management that have contributed to the continued high cost. Of course, the only way the farmer has to remain in business is to become more efficient. As the hon. member for Timiskaming said, some of them buy more land but that is not the only way in which the farmer can become more efficient. In many instances the farmer has ample land. He either steps up his production or the cuts down on his expenses. These are the only two ways that I know of by which you can come out with a higher net income. You either step up your production or you cut down on your expenses. Of course, if the farmers cut down their expenses very much the rest of Canada suffers to some extent through loss of labour used in producing machines or the loss of labour employed on the farms.

I should like to deal for a moment with the cattle outlook. Without a doubt the cattle picture in western Canada in 1958 was the brightest of any. The prospects for that crop were brighter than for any other crop the farmer had to market. Over the past year a great deal of concern has been expressed about the cattle market and about how long it will hold up. That thought was in the mind of every farmer who was down here with the delegation. They did not know. The cattle men are worried for fear the grain producers may go into the cattle business, produce cattle and thereby create a surplus. Of course, there is no way of telling whether they will go into that business or not. We have only to trust that in the future things will work out.

Let me go back to the fall of 1957. I think all of us from western Canada and eastern Canada will realize that in the early fall of 1957 we were faced with a depressed cattle market. Around October 1 the United States market opened up and things brightened up. Since then we have been in a relatively good position. It must be realized that in the last four months of the year we exported to the United States nearly 400,000 head of cattle. This was in the fall of 1957. In 1958 the number was around 700,000.

There is a great deal of concern in the minds of farmers as to whether there will be a surplus of cattle on the market in the future. The question is, how soon in the future, and what will be the effect on the price? According to the latest reports of the cattle population that I have seen the numbers of cattle are down below what they were in 1956. I think this is a good indication that perhaps a surplus of this product will be staved off for a while. The number of steers on the farm was down by 15 per cent. Calves were relatively the same as were beef cows also, although in some areas there is evidence that the farmers are reducing their basic herds. All this points to the fact that Canada, with a cow herd of about the same size as it was in 1957, can produce a great deal of beef if she is called upon to do so.

We must look at our population figures. We must also remember that from 1952 on, after the preceding fall in prices and the foot-and-mouth disease, we exported very little beef until 1957 when the vast demand occurred and we were in the very fortunate position where we could export beef to the United States. We should take a look at the Gordon report. This report states that by 1980 our population will be approximately 26 million. The report bases this estimate on the fact that our population will increase every year and that immigration will average around 75,000. Last year the number of immigrants was around 124,000, and most people considered it a low year. If one takes into consideration the increase in the birth rate and the fact that people are living longer now than they used to, I think it is safe to say that our population will increase about half a million each year and, of course, as our population increases so will the rate of increase. Therefore, I think it is safe to say that, judging by those figures, we shall very easily reach 26 million by 1980.

Of course, the Gordon report stated that by 1980 the numbers of our livestock would have to be doubled to feed our own population. If we keep these figures in mind, perhaps it would be safe to say that the cattle industry will perhaps hold up and that the next three years will be the crucial time. If we can hold on to the United States market for a certain small percentage of our production, then perhaps we shall be over the hump and be all right so far as cattle prices are concerned.

I should like to deal with hogs for a moment. We all know that as the price of meat goes down the rate of consumption per person goes up, and this has held true over the past years with hogs. Hog marketings have been very heavy, but we have surprised the experts. Through our own consumption we have got away with a great deal of this pork. Right now we have not much of a pork surplus. The price has been down to the floor. Anybody who has been watching the western markets particularly—I do not know what it has been like in the east—must have noticed that the price has been bouncing off the floor price at various times. I think in the future, perhaps by next fall, we shall see a trend upwards and away from the floor price of pork. Today, as I have mentioned, we have not got too great a pork surplus, probably one week's supply.

I think there is a great deal of concern among the people engaged in pork production, and rightly so, because with the floor price in effect there is the threat that contract farming will move into the industry. As the hon. member for Timiskaming said, they have already moved into the broiler industry and I am happy that we are not buying a lot of broilers. I think though that the government will have to bring in some sort of control. I do not know exactly how it may be done but the support will have to be reduced in the case of units that are large enough to be classed as contract farms. One way to do this would be by means of deficiency payments on hogs.

As hon. members know, the government is buying certain cuts of pork in order to keep up the price. In Alberta the price is $21.50 a hundred. If I were allowed to sell my hogs at 19 or 20 cents a pound, a deficiency payment to make up the balance would come to me. In that way I could sell 100 pigs and get a deficiency payment on those 100 pigs but I would not get a deficiency payment for anything over that number. I think this would have quite an effect on contract farming.

I do not want to speak too long but I think I should mention that I am certain the farmers will be pleased to receive the interim payment on wheat. Most of them should have received it by this time. I am certain that with the increase in the lakehead price of wheat of 5⅝ cents the final payment will be as high as it was last year and perhaps a little higher on some of the lower grades. That is a very serious point. Last year the final payment on No. 4 wheat was just 2¾ cents a bushel and that had a severe effect on the over-all wheat price.

I am pleased to see that the port at Churchill has moved about 20 million bushels of wheat. Every bushel shipped through that port saved the western farmer about eleven cents. I would encourage the building of greater handling facilities at that port in order that the farmers can perhaps save a little more with respect to the cost of moving their wheat.

I think the government should be commended for the great effort made by the Minister of Trade and Commerce in selling our wheat. It has played quite a large part in removing the surplus in western Canada. Right now the wheat board says that the grain bins will be nearly empty, and I think that is true. This has a two-fold effect. With the grain bins empty there will be no market for bootleg wheat and that will encourage those people who have gone into the contract feeding of livestock to get out of that sort of business when they cannot purchase wheat at far below the cost of producing it.

I commend the government for the recent trade agreement with Russia and the export of wheat to Russia and Poland. I want to deal for a minute with tariffs. We heard a lot about tariffs from the farm delegation and it is true that the farmer pays the extra cost brought about by many tariffs. That being so, I think it is only right that the people of Canada should pay more for the wheat they consume in Canada. In other words, the farmer should have a little protection too.

A great deal has been said about what this would cost the consumer. I got figures from a well known baker. I am not going to go into the bakers' set-up at this time. This baker explained to me, by taking the number of bushels required to make a barrel of flour and the number of loaves in a barrel of flour, that the price of wheat could go up almost 60 cents before the price of a loaf of bread went up one cent. I think we should have $1 a bushel more for wheat consumed in Canada. This would raise the price of a loaf of bread by two cents. We must remember that the labourer today has never worked such a short period of time—

The Deputy Chairman: I am sorry to interrupt but I must advise the hon. member that his time has expired.

Mr. Horner (Acadia): I should like to finish the last sentence.

The Deputy Chairman: Has the hon. member consent to continue?

Some hon. Members: Agreed.

Mr. Horner (Acadia): I should like to point out that never before in history has the labourer worked such a short period of time to earn his food requirements.

Mr. Boulanger: Will the hon. member permit a question?

Mr. Horner (Acadia): Certainly.

Mr. Boulanger: The hon. member who has resumed his seat seemed to attach more importance to the price of farm machinery than to the selling price of farm produce. Which one of these two situations does he consider as having the greatest influence on the present farm situation?

Mr. Horner (Acadia): I referred to an example using wheat pool figures in that regard. The price of wheat had an effect of 500 bushels on the cost and labour and management had an effect of 1,600 bushels. I would not base my own opinion on those exact figures. In my opinion they are both equal.

Mr. Carter: Mr. Chairman, the intervention in this debate by other non-farmers and non-experts has encouraged me also to make a few observations about the agricultural industry. Personally I am not a farmer and there are only three or four small subsistence farmers in my riding and very few farmers in my province generally. The only personal connection I have ever had with farming was when I used to have to look for the cows and drive them home before going to school in the morning and then deliver the milk after school in the evening.

But there are several reasons why I should like to say a few words about this subject. In the first place I am deeply interested in the farmer as a human being and I also recognize the importance of the agricultural industry to our national economy. I am also deeply conscious of the deep similarity of the problems of the farmer and the problems of the fishermen who are my constituents. For example, both the farmers and the fishermen are primary producers. In both cases their production is affected by factors largely beyond their control. Both also are victims of the cost-price squeeze. Both are largely dependent on external markets and conditions.

In the case of the Newfoundland fishermen, practically all our fish is sold in foreign markets and in that respect we are even worse off than the farmers because our fish are sold to countries which have state purchasing agencies, which fact prevents the ordinary law of supply and demand becoming operative. Although we may have low production of fish in one year, the price does not go up because of the extra demand largely on account of the restrictions imposed by the state agencies which purchase fish in our foreign markets.

I think there is another similarity between fishermen and farmers and that is in their working conditions. Both farmers and fishermen work from dawn until dusk, but there is still a difference in favour of the farmer because in most cases the farmer can be home all the time with his family, whereas a fisherman has to stay out on the seas sometimes as long as two weeks.

The Deputy Chairman: Order; I must mention to the hon. member for Burin-Burgeo that this is vote No. 1 on agriculture. I think I have been quite lenient in allowing the odd comparison between farmers and fishermen, but I must ask the hon. member to bring his remarks back to agriculture.

Mr. Carter: I was just pointing up the similarity of the problems faced by the farmer and those faced by the fisherman.

[Mr. Horner (Acadia).]

I am convinced that a solution of the agricultural problem is essential to the welfare of the economy as a whole. My final reason for entering this debate was that I thought members would be interested in knowing how farm problems appear to one who has no personal experience with them, and who has had to build up his picture from information received from various sources, including hon. members in this house. For 10 years now I have listened very patiently to hon. members tell this house about farm problems. I have read a great many of the briefs which have been presented to us by farm bodies. I have honestly tried to understand the problems and assess them in relation to the efforts that have been put forth toward a solution.

I should like to tell my farmer colleagues that this has not always been easy because the farm industry has been speaking, at least so it appeared to me, with two voices. I think there is a passage in the scripture which says that if the bugle makes an uncertain sound, who is going to get ready for battle? Well, there have been uncertain sounds from the agriculture industry. Farmers will tell us one story about blue ruin and the minister will get up and give us figures to indicate that things are a little better than they were last year. Certainly it is difficult not to be confused when you hear conflicting reports of that kind.

I think it should be pointed out that farm bodies who have presented briefs have painted their picture as representing the industry as a whole, and the minister too has spoken in terms of the industry as a whole without distinguishing between the component parts. We get two opposite and conflicting pictures and, therefore, we are reduced to the point of trying to put two and two together. Putting two and two together, it seems to me we must conclude that there is a group of farmers who are very poorly off; there is another group of farmers who are fairly well off; and in between the two there is another group who are perhaps just managing to keep their heads above water. What we do not know is the relative size or different categories of these groups. Neither do we know the relative causes for these different conditions. We do not know, for example, how many of the farmers who are in the poor group are there because of poor management or poor farm practices. We do not know how many are there because their farms are too small, and we do not know how many of them are trying to make a living from land which could be put to some better use.

I think this points out one of the weaknesses of the representations that have been made on behalf of farmers, and that is the absence of reliable statistics which break down the problem into its component parts. I am glad that

the farmers themselves have come to recognize this and have asked for research facilities. I would say the government should give them some help in acquiring these facilities. I think also the information should be gathered by the farmers themselves because they are in the best position to know exactly what information is required, and also in the best position to obtain it more quickly than could be done by a royal commission or some other agency set up for that purpose.

There seems to be no doubt that at the present time agriculture is undergoing a revolution, a revolution perhaps in many ways comparable to the industrial revolution that took place in Europe a century ago. While this revolution is going on the farmer is faced with three very serious problems, namely the cost-price squeeze; the problem of vertical integration, and the problem of surplus production. I think it is evident, too, that the measures which have been adopted in the past, as well as the measures which are in force now, have not been capable of solving these problems. I think it is safe to assume that in solving this problem, the measures we adopt will determine the future shape of the agricultural industry.

Since I am not an expert I am not qualified to make any recommendations of a technical nature, although I do not see why something could not be done toward remitting the sales tax on farm implements. It seems to me that the measures we have adopted so far have turned out to be merely stopgaps. What is required is a permanent solution. I believe that if a permanent solution is to be found, a whole new approach is required and a fresh start must be made. While I am not able to make technical suggestions, I should like to offer a few suggestions about the kind of approach I think is needed.

In the first place I think it must be a human approach. It is encouraging to find that the farmers themselves are coming around to that way of thinking. I was greatly encouraged by the brief which was submitted some time ago by the interprovincial farm union. That was the first time I have noticed an attempt to approach the farm problem in this way. The human approach requires a concept which takes into consideration the relationship of the farmer as a human being with other human beings and this approach requires the facing of certain facts.

The first of these facts is that price supports, deficiency payments and like measures have not proved to be a solution in the past and are not likely to be any more effective in the future and also that measures which are based on slogans such as parity, fair share of the national income and comparisons with tariff valuations, are in much the same category. All of these slogans mean different things to different people. Because of that fact they do not offer any basis for unity and unity is the first essential if we are to find the right solution.

The second fact that I think we must recognize is that whatever formulas are developed from the monetary standpoint they must of necessity be limited by what the national economy can support.

The next fact that farmers must face is that the government alone and the farmers alone cannot solve this problem. It is doubtful whether it can be solved by the farmers and the government working together. As I see it, the solution of this problem is going to require the co-operation not only of the government and the farmers but also of the consumers and, as the hon. member who preceded me in this debate pointed out, the co-operation of management and organized labour as well.

Another fact which I think farmers must consider, if they are going to get on the right track, is that there is no valid basis of comparison between the farming industry and the manufacturing industries in terms of monetary reward. There are basic conditions which must be taken into account. The farmer is obliged to work all hours from dawn to dusk while the factory worker works regular hours with a work week of 40-hours or whatever it may be. The factory worker is also more likely to receive higher pay for his services. It will not be possible to raise the farmer's income to a level that is comparable to the higher wage that is paid in industry. I think that fact must be accepted.

But the farmer has other compensations. He is engaged in a creative work, something which in itself must be extremely satisfying. It is a healthy work. He lives close to nature and close to his God. He enjoys a measure of independence which is not available in other forms of industry.

If the answer to this problem can be found only by the farmer, the government, management and labour all working together, then obviously this cannot be done without a basis of unity; and there must first of all be unity with regard to the goals and the objectives we want for the farming industry. This consideration raises the problem of vertical integration.

As I understand this problem, if vertical integration keeps on developing in the way it has started it will not be long before the only difference between our collectivized

farms in Canada and those in Russia will be that collectivized farms in Russia will be run by the state and in Canada by big business. I think that is a serious trend. Even if it may produce some advantages in terms of higher production and lower cost, nevertheless we must consider whether or not that is too high a price to pay for that kind of end result.

Another essential in order to develop this unity is a recognition on the part of each party concerned that each has a responsibility to the other. Of course there must also be, in my opinion, a sense of mission. All industry has developed in response to human needs. The purpose of the farming industry is to feed hungry people. But if we are to develop the industry in the way in which its destiny requires, I think we must think of it not only in terms of a means of earning a livelihood but also in terms of something bigger, something which places the industry in proper relationship to other industries, and also in relationship to the world picture. What is needed then is a sense of purpose which will inspire in the farmer a sense of dedication which will largely tend to make up for any lack in monetary rewards. The working out of the solution between the parties concerned must take place around the conference table where each will be prepared to approach the problem honestly and fairly and in a spirit of what is best not only for the industry itself but for the country as a whole.

This will require some self examination on the part of the farmer himself. He will have to look back to see where he himself may have gone wrong in the past; whether he has exerted wrong pressures and whether he has been activated by wrong motives. In this way only can he discover to what extent he himself may be responsible for the condition of the industry today. This does not mean pointing the finger at one another, but it does mean an honest appraisal of the situation in order that we may not make the same mistakes as in the past. It is in this way that the farmer can make his best contribution toward a solution of the problems which face the industry and at the same time inspire the other parties upon whom he must depend to do the same.

There is one other point to which I should like to refer, and perhaps it affects government policy rather than the farmer himself. I refer to the need for a determination to use our agriculture industry strategically, as is done by the Soviet union. It seems to me that instead of giving cash handouts to the farm industry which may be paid for a limited period and then cut off, it would be much better if we could find some way of expanding our markets. In Canada we have a very small domestic market of only 17 million people, but it should not be forgotten that Canada forms part of the commonwealth and that there are many countries in the world today which are potential markets for our wheat provided we go about the matter properly. In Africa, next year, Nigeria will become self-governing. Nigeria is a country with a population of 33 million, a very large potential market. Nigeria is one of the few countries in the world today which possess sound leadership and it is one of the countries which is going to determine whether the whole continent of Africa is to remain in the western camp or whether it will fall into the camp of Soviet Russia. We should seize every opportunity which presents itself to help Nigeria establish and strengthen her economy. I am told that in Nigeria a lot of the flour consumed is made from Canadian wheat milled in the United States. Why could we not establish Canadian mills in that country, either by private enterprise, or through the Colombo plan, and thus build up over the years an important market for our wheat? It is this type of assistance which will in the long run do more for the agriculture industry than any temporary expedients, however necessary these may be as short range measures.

In conclusion I should like to say a few words about the farm delegation which visited us a few days ago. This delegation focussed attention on the agricultural problem and deserves a great deal of commendation on the responsible manner in which its members presented their brief and also on the manner in which they conducted themselves throughout this visit. Not only did this delegation focus our attention on the farm problem but I think it served another and equally important purpose; it enabled us to meet a large number of farmers personally and thereby offered us the opportunity to know them as people and to appreciate their sterling qualities. The thought which has come to me since meeting some of these farmers—and I took the opportunity to meet as many of them as I could—was that the farmers may be the salvation of Canada, because it appears to me that they are the only group in Canada which has any vestige of a pioneering spirit. Some of us had feared that this spirit has deteriorated, but the personal contacts we had with these men showed, certainly in my case, that it is still alive. The farmers are one of the few remaining groups who are prepared to pioneer new territory and explore new trails even where it may have to be an act of faith. But the

farmers are tired of expedients. They want a permanent solution worked out around a conference table.

The Deputy Chairman: I regret to interrupt the hon. member, but his time has expired.

Mr. Hicks: Mr. Chairman, we in this group of 73 over here do like the opportunity to get on our feet and say a few words occasionally. I sometimes wonder what we are here for. I have mentioned on a few other occasions what Prime Minister Macmillan said when he was here. It was something to this effect—I am not quoting his words—that if one were to believe what the press says or what the opposition says or what the government backbenchers say one would think that the whole country was going to the bad. And I am just wondering if anyone in this house thinks that this rump over here is a sort of opposition to the government. If we were, I think we could move a little way further down the house and get more accomplished with less talk than some of the hon. members to our right have been able to do.

There is one thing I should like to see, and that is this division line between the parties, this alleyway here, straightened out. There are four sections in here, and if they were shoved down a piece, and if the division line were put through there, there would not be so much difference. From time to time a member of the government stands up over there and says: "Hon. members of the opposition opposite", and sometimes he looks right at us when he is saying it and I know half a dozen of us maybe think we are Liberals, although of course we are not. However, I do not want to squeeze this side down too far, because that might shove my old friend from Kootenay West clear out of the door, and I certainly would not want to do that.

Mr. Chairman, I should like to bring a little more optimism into this chamber with respect to agriculture than I have been listening to on some occasions in the not too distant past. I wish first to congratulate the Minister of Agriculture for the very fine summary of the work of his department he outlined as reported at page 254 of *Hansard*. The work to which I refer involved the expenditure of $166 million paid out by the Department of Agriculture as direct assistance to agriculture. This is no mean amount. This sum was expended in assisting in such projects as freight assistance on western grain, the payment of $1 per acre for agriculture which amounted to a total of $40 million—again no small amount—the payment of compensation for animal slaughter, the payment in the form of support prices on farm products, payments for grain storage, P.F.R.A. payments, payments under the Maritime Marshland Rehabilitation Act, the Prairie Farm Assistance Act and other work.

I wish also to congratulate the deputy minister and the entire staff of the Department of Agriculture. I know something of the hours these men put in after work, particularly the employees of the experimental farm. It is my observation that they are a fine group of conscientious, hard-working men. I say this because I know something about the subject of agriculture. I was born on a farm in southwestern Manitoba and several years ago graduated from the University of Manitoba. Following this I worked at experimental farms at Lacombe and Brandon and after a very active life I retired for a few years. I then came to the House of Commons to rest and I find that just cannot be done.

There have been great strides made in agricultural research during all these years. It is a delight to me personally to know that the science services and the experimental farm services will be combined again in one complete unit. I feel that is a far more efficient way of operating these services. There was not very much duplication of effort under the previous setup but there certainly will be less now that their efforts will be united.

When I am on the subject of duplication of work may I say I think there is a little feeling among the people of Canada that there still is a duplication of effort as between the federal Department of Agriculture and the provincial departments of agriculture. I can assure hon. members this is not the case in British Columbia. There we have the university agricultural department, the provincial agricultural department and the federal agricultural department and far from there being a duplication of work there is a high degree of co-operation among these splendid groups of hard-working people. As I said before, I know whereof I speak.

No sooner is one problem solved in agriculture these days than a dozen new problems arise demanding solutions. Things are moving very quickly and so the world today is the product of what we believed yesterday just as tomorrow's world will be the product of what we believe right now. I feel that if we are to avoid the mistakes of the past, men of good will such as you and I, members of this parliament, regardless of which side of the house we are on, have a wonderful and challenging job to do. We must find the kind of leadership that will instil in the hearts and minds of Canadians the concept of true citizenship.

There is one other matter which I have contemplated mentioning but I do not know whether or not I should speak of it. I am going to mention it, Mr. Chairman, and leave it to you to decide whether or not I should have mentioned this point. It is evident that some hon. members in their speeches are talking to people at home having in mind the next election. I feel that by this time with the results of the last election well known we can surely forget considerations of this kind for a year or two and get down to the business we were sent here to conduct and stop talking about the past. After having said that and as I look around me I feel maybe I am talking to the people at home because there are not many hon. members present in the chamber to listen to me and I see many empty seats.

An hon. Member: They are worthy characters.

Mr. Hicks: Yes.

Mr. Howard: Only four cabinet ministers.

Mr. Hicks: I think it is a waste of time to rehash political issues in this chamber when we know that the people of Canada would welcome the news of our putting our minds to the task of finding constructive solutions to their problems and getting on with the business at hand. I should like to quote from the Canada Year Book, 1957-58, page 119, with respect to agriculture in British Columbia:

> The traditional movement of population on the North American continent from east to west has not been apparent in Canadian statistics in recent years. The most spectacular changes are shown in the prairie provinces and in British Columbia. While the three prairie provinces lost by migration about 250,000 persons between 1931 and 1941 and somewhat more from 1941 to 1951, they gained in the period 1951-56.
>
> British Columbia gained at the rate of about 8,000 persons a year during the 1930's, about 23,000 a year during the 1940's and about 27,000 a year in the first half of the 1950's. On an absolute basis Ontario received more people than did British Columbia but, in relation to its larger population, this growth was only about one-third as important.

The importance of British Columbia's agriculture reveals some illuminating facts to which I should like to draw attention. Less than 2 per cent of the total area of the province of British Columbia is potential agricultural land and approximately only .5 per cent of this total area is now producing agriculturally. Less than one crop acre per person is produced in British Columbia. This is only about half enough which means that approximately half the food consumed in the province must be imported. Between 25 and 27 per cent of all agricultural land in the province must be irrigated. Agriculture in the province is very diversified and any crops that will grow anywhere else in Canada will grow in British Columbia. In addition British Columbia can produce some crops that cannot be produced elsewhere in the nation.

The Fraser valley is one of the most important agricultural areas in the province. I do not refer specifically to my own constituency but to that area extending from Hope to the coast which is about 100 miles in distance. Thirty miles of this district in the upper end are not particularly agricultural but in the area that is approximately 15 miles wide and 75 miles long, 48 per cent of the agricultural wealth of the province is produced. Thirty-nine per cent of the farmers of the province dwell in this area and 38.5 per cent of all British Columbia farms are located there. The remaining 52 per cent of British Columbia's agricultural wealth is produced in nine other regions. The greatest of these is the Okanagan valley that produces about 18 per cent or a little less than one-third of the output of the Fraser valley. Next is Vancouver island with 10 per cent and the remaining seven regions with 25 per cent.

There is a substantial food processing industry in the Fraser valley. It is not generally known that in greater Vancouver food processing is second only to wood production in the number of employees it engages. The Fraser valley contributes substantially to this secondary industry. The Fraser valley produces 85 per cent of the total of the small fruits; 59 per cent of the provincial vegetables and potatoes, and so forth; 65 per cent of the special horticultural crops such as bulbs, flowers, holly, nuts, nursery stock, and so forth. So far as livestock are concerned, 66 per cent of the dairy production, 66 per cent of poultry and 61 per cent of turkeys are produced in the Fraser valley. According to the 1956 census, the value of the lower Fraser valley production amounted to $49,338,000. The amount for the other areas was $54,618,000, or a grand total of $103,956,000. These are 1956 census figures and are taken from the extension service bulletin published by the provincial department of agriculture.

I should like to say just a word about Chilliwack but I do not want to say anything against the rest of the towns and villages within my territory. Chilliwack, of course, is the centre of the area. There are 7,300 people in the city and there are 17,000 in the municipalities. Within a radius of nine miles of the centre of Chilliwack there are 25,000 people. In terms of retail trade, Chilliwack is British Columbia's fifth largest city. Three miles from the centre of the city is located one of the large Fraser valley milk producing

co-operative plants. The Fraser valley milk producers have 6,000 members. The plant nearest to Chilliwack is one of the largest on the North American continent. There they accept, in the rush season of the year, half a million pounds of milk per day.

I see my time is going very quickly and I know there are other members who wish to speak, but there are just a few things I would like to say at this time about British Columbia agriculture. I should like to take a few minutes to say something about some of the most serious problems in our area. Before I do that I wish to say that the dairy business in the Fraser valley of British Columbia is in a very satisfactory position at the present time. I should like to mention the raspberry growers. Those of you who heard me speak about raspberries a year ago will, I am sure, be glad to know that some of the growers out there are looking forward to a better year than they had last year. You will recall that last year berries were offered at six cents a pound. We had a nine cent floor put under them which saved the crop. I could quote some letters of appreciation for what the government did for the farmers. Strawberries are also a problem, not in their production but in getting a suitable price to the producer for his product. This should be in the neighbourhood of 17 cents a pound. Our poultrymen are also in a little trouble. Those of you who heard the minister speak some time ago heard him mention broilers. In 1953 I think some 30 million pounds were produced; in 1958, 180 millions pounds were produced, or six times as much. With such a large production the price is bound to go down. One of the things that is disturbing some of the growers in the Fraser valley at the present time is the frozen pea problem in relation to the entire crop.

I cannot let this opportunity go by without saying a word about the artificial insemination unit in the Fraser valley. By the way, this is just outside of my constituency but it is something that I helped to organize and I am very proud of the results. The first cow was inseminated on February 1, 1945. Two people were employed at that time; at the present time they have 27 employees and after 13 years there are 6,000 members within this association. In 1958, 31,803 cows were inseminated in the Fraser valley. In the Okanagan, 2,022 cows were inseminated; in other subunits in British Columbia, 4,619 cows were inseminated; and in the province of Alberta, if you please, 13,269 cows were inseminated from the unit in the Fraser valley. They have equipment and modern barns; they have a good office and they have good storage facilities there. Most important of all, they are using real top, high-class sires.

I should like to mention one other item before I close, Mr. Chairman, and that is the Canadian writers federation which met at the recent Royal Winter Fair. This is the occasion on which awards to press, radio and television are given. Three British Columbia writers won first prize in that competition. I take off my hat to and congratulate Mr. Armstrong, Mr. Leach and Mr. McPherson on the great work they did.

What about crop insurance? I know there is a difference of opinion about crop insurance. I think I know the minister's attitude and stand in connection with crop insurance. I have made a little study of this problem during the last couple of weeks and I have not changed my mind too much on the subject. Those of you who were in the chamber when the hon. member for York-Humber spoke about unemployment insurance will recall that she mentioned the fact that you did not insure your house against fire today and expect it to burn tomorrow; you did not insure your life today and expect to be killed tomorrow; you did not insure your car today and expect to dump it in the ditch tomorrow. You did insure your employment hoping, I presume, to be employed whenever you wanted to but, if not, you received unemployment insurance. Personally, I think unemployment insurance is overdone a little because I personally have offered unemployed men work and they would not take a job because they were getting unemployment insurance. I wonder whether the statement that Abraham Lincoln made at one time has any relationship to this? Abraham Lincoln said that you cannot help men permanently by doing for them what they could and should do for themselves.

I have another item on old age pensions which I would like to apply to old age farm people. I do not know whether I should take the time to do it but I should like to say that on our farms there are a great many elderly people, some of whom cannot work. I should like to see put into effect in this Canada of ours some scheme by which people living under certain conditions could apply personally to spend their security cheques outside of the country. This would be based upon financial reasons. They might want to go to live with a relative outside of the country. It might have something to do with domestic incompatibility; it might have something to do with health. I believe these people could be far healthier living in another country. I simply close by saying that I feel something should be done under certain conditions for our older people, if they make personal application to those in authority, to allow them to live in another country, spend

their money there and receive their cheques there because there are other people coming into this country who certainly do that and live here.

Mr. Herridge: Mr. Chairman, I listened with great interest to what the member for Fraser Valley had to say, particularly in view of the contribution he has made to the development of agriculture in British Columbia as superintendent for many years of the Agassiz experimental station. On his retirement from that position his services to agriculture in British Columbia were acknowledged by farmers' organizations, by all sections of the communities with which he was associated and by farm and other newspapers of British Columbia. I am sure that the name of the member for Fraser Valley will be included in the roll of those who have accomplished much on behalf of the farmers of British Columbia, including such men as the late Professor Sadler of the University of British Columbia, the late Professor Boving, whom the hon. gentleman knew quite well, and Dean Clement.

Before proceeding with my few remarks I want to support the hon. member's representations on behalf of farmers in receipt of old age security payments that the government should give consideration to these people having the opportunity, along with others in receipt of similar payments, to spend their cheques in other countries. Very often when they reach the age of retirement it is necessary that they do so for health reasons and certainly for their greater enjoyment during the winter months in Canada. Having overheard the minister's loudly whispered remark, I wondered whether he was going to call me out of order for referring to old age security.

I rise to say a few words on these estimates as a socialist who realizes the need of long term economic and social planning with respect to agricultural policies in Canada. I am not one who underestimates the difficulties in connection with such an approach to agricultural problems or suggests that all our problems can be solved overnight. I am one who has a great interest in the maintenance of the economic family farm because I believe we should maintain the values that it has preserved in Canadian society and the diversification which is so necessary for the maintenance of a sound democracy.

I am going to illustrate my points from my experience at one time as a peasant farmer in the Kootenays and with long knowledge of the situation there. Agriculture in the Kootenay district commenced about 60 years ago. It was largely promoted by the needs and requirements of the small communities, mining camps, lumber camps and the stern wheeler steamers that operated on the lakes. I knew most of the old timers who located on various relatively small patches of ground, cleared the forest and sold their supplies directly to the customers I have mentioned. I am one who remembers the clearing of almost the first acres of land for agricultural production, and it was no easy job. As a matter of fact, I represent a type of farmer who is more acquainted with the axe, the crosscut saw, now replaced to some extent by the power saw, and the walking plow than with large equipment although owing to the circumstances under which we live there is an increase in the degree of mechanization even on the smaller farms in my constituency.

If we provide the proper circumstances and the proper marketing facilities at a satisfactory price there is a great opportunity for agricultural development in the constituency I have the honour to represent. There is an opportunity for considerable extension of general farming and some stock farming. We talk about developing the north and the hinterland of Canada but we fail to realize what large areas of land we have in this country relatively close to transportation. I can take hon. members to one valley in my constituency where you can stand on a knoll and look at 10,000 acres of black, alluvial soil that only requires draining and transportation facilities. It is 25 miles from the nearest transportation.

There is opportunity for dairy farming to supply the growing cities and for extension of poultry farming and new efforts in fruit farming, having particular regard to the suitability of our district to the growing of a limited variety of apples, of cherries and pears particularly, and small fruit.

There is also opportunity for considerable extension of part-time farming allied to the forestry industry—I am very keen on that—and allied to the tourist industry. We have these opportunities in our district because we have the land, and provided we have correct land utilization these opportunities can be taken advantage of. In our opinion there is a necessity in Canada generally, not only in the constituency I have the honour to represent, for a land use survey conducted as a result of co-operation between the federal and provincial governments. As a result of such a survey there should be a planned and systematic movement of farmers from marginal land. There are persons in my constituency farming marginal land cleared years ago which should have been left in timber, and I am sure the same is true of other hon. members. There should be assistance toward the location of these farmers on suitable land which they can farm to their profit and

advantage. There should be a program of reforestation of submarginal lands. That would mean close co-operation between the federal and provincial governments.

To illustrate the opportunities at the present time, let me describe the Slocan valley. It is 30 miles long and contains thousands of acres of fertile bottom land. It has a paved highway throughout its whole length, power throughout its whole length and a river possibly an eighth of a mile wide in places flowing throughout the whole length. You have all the basic requirements of satisfactory agriculture. Yet this valley is largely undeveloped. It is inhabited at the present time by some of that well-known sect, the Sons of Freedom, and a few survivors of the pioneers who have stuck it out. I have written the minister about that problem, and something could be done about it if there was co-operation between the federal and provincial governments. A very large acreage could be brought into production quite close to the major cities in our community. I might say that at the present time we are only producing about 25 per cent of the farm production requirements of the people in our district.

Then there is the Lardeau valley with 16,000 acres of almost undeveloped land which only requires draining in some cases and clearing in others. We also have the Inonoaklin valley, some 15 miles long. All that is lacking is transportation to markets and roads. It is simply a question of economic and social planning and co-operation between the federal and provincial governments to bring this land into satisfactory production, and it requires the co-operation of the local farmers' organizations, chambers of commerce and women's institutes.

So far as my constituency is concerned, all these organizations have full knowledge of what I am referring to today, are interested in the developments and are willing to co-operate with the federal and provincial governments to develop the areas I have mentioned. Now, in so far as land problems are concerned, we have still an abundance of land if we bring into production the areas now lying idle.

The next need is long term loans at low interest rates. Under present circumstances it is impossible for young people to go on the land, clear it and develop it or build the buildings without the capital. This capital can only be provided through long term loans at low interest rates through federal or provincial governments. In this connection, I should like to quote from the report of the royal commission on the tree fruit industry of British Columbia, written by Dean E. D. MacPhee, M.M., M.A., B.Ed., C.A., LL.D. Before doing so, I want to say that in my experience this report is the most able and comprehensive report made to date in the history of British Columbia with respect to all the circumstances surrounding the tree fruit industry. It costs $7, but it would be a good investment, particularly for any member from British Columbia, because it is historical, factual and the recommendations were made after a serious study of the whole question. In connection with what is required with respect to supplying capital, I want to quote from page 798 of the report. This is what the commissioner has to say:

Financial Assistance

In the light of these factors, what recommendations should be made?

1. I believe that the fruit-growing industry should be maintained, and that the needed assistance requires action by both the provincial and federal governments if suitable conditions can be defined. From the standpoint of both governments, it provides the most profitable return available to the residents of these areas.

He is referring to the fruit-growing areas of the interior.

—Despite the fact that land values have risen in some areas to quite unreasonable levels, one cannot envisage any acceptable plan to make other use of much of this land at anything approximating these values—approximating the investments growers have made. Despite the long history of the withdrawal of farmers in other areas of British Columbia from fruit-growing, I am convinced that it is in the interests of the province and the dominion to keep this industry alive in at least parts of the Okanagan, the Similkameen, and in the Creston valleys.

2. Federal program—Fruit-growing is an expensive business per acre in comparison with other forms of farming.

I have had some personal experience in that respect. We were a green English family when we planted the orchard, and my father ordered 25 varieties. Then, we had to regraft the whole lot.

The investment in land and real estate is unusually high, as is shown in table 9. The nature of the operation requires a high expenditure for labour; the amount of equipment required by even the most conservative managers is substantial; the period of waiting before a crop is obtained is unusually long, especially for the production of apples and pears; and the possibility of mixed agriculture is relatively remote. Assistance, to be of value, must therefore be long-term assistance, covering a period of at least 30 years, or the working lifetime of a grower. It must be at rates and under conditions which are better than those available through banks and mortgage companies.

Long-term loans by farm loan boards—Mortgage companies are not a major factor in providing long-term loans in the valleys, nor do I believe that it is to be expected that the chartered banks of Canada will relax their arrangements and terms sufficiently to provide the necessary capital for the rehabilitation of the farms. Short-term loans, whatever their value for growers of annual crops, are of little significance in an industry

where the product requires a decade to develop. If the growers who qualify on other scores are to be assisted, and I believe they should be, and must be, the funds that are needed are long-term loans.

I believe it is the responsibility of the federal government to reorganize the farm loan board and to redefine its policies in such a way that these growers are able to undertake the re-establishment of their orchards without placing them under the annual pressures that follow from short-term loans.

The conditions under which, in my opinion, long-term loans should be given are:

This is the part in which I am particularly interested, and I support the commissioner's recommendations wholeheartedly, as a result of my own experience and knowledge of the circumstances.

(a) The farm should not be less than 10 bearing acres, on soils and with climatic conditions that give a grower a reasonable chance of profitability. (In every area, however, there are planted acreages which never have, and never will, qualify under these terms.)

Those are the acreages that are planted on the marginal lands to which I referred.

(b) Loans should be made only to those who have demonstrated managerial capacity better than the average of their district.

(c) Loans should be made for specified purposes, each one of which can be identified and valued:

(i) Replacement of dead and damaged trees.

(ii) Top-working of trees to change a variety of low market value to more market-acceptable varieties.

(iii) Replacement of obsolete varieties.

(iv) Purchase of orchard land.

(v) The purchase of special orchard equipment, including trucks (not automobiles).

(vi) Land rehabilitation.

(d) Supervision and guidance, such as has been provided by the Veterans' Land Act, should be made available, especially for young growers.

The commissioner makes that recommendation without doubt as a result of his inquiry and in ascertaining the numbers of people in the fruit-growing areas who have succeeded under the V.L.A. to a greater extent than they might have succeeded had no supervision been given under the V.L.A.

The provision of some supervision and guidance to young growers is important, and may be critical, and the combination of the V.L.A. service with that of the provincial horticulturists will solve some of the problems. The amount of equity presently required by the farm loan board before a loan will be advanced (35 per cent) is excessive, particularly in the Okanagan valley, where property values are high. If the proposals of the federation of agriculture were carried out and care taken in the selection of growers, I hope that the farm loan board would be prepared to increase the maximum percentage loan to 75 or 80 per cent.

I have examined the statement of policy on farm credit issued by the Canadian federation of agriculture, and believe that they have substantially indicated the changes required in the Farm Loan Board Act and its operations to make this useful to the fruit-growers of these valleys.

[Mr. Herridge.]

Mr. Chairman, the same applies to those who wish to engage in small general farming, livestock farming, small fruit growing and poultry farming in my district. I see that my time is going, so I shall hurry along.

After having provided the land and made capital available, in order to assure sufficient production, in addition to the type of supervision which is suggested by the commissioner, I suggest that very close co-operation is required between the federal and provincial departments of agriculture and the experimental farms. In British Columbia that co-operation has been quite good, as mentioned by the hon. member for Fraser Valley. However, in other circumstances, I understand there has been some overlapping. There is a necessity, in our district particularly, for a general soil analysis survey, owing to changing conditions of the soil. Even in the area in which I live you find climatic and soil conditions change in very short distances. There is not very much information with respect to some of the areas I am discussing now.

We could do with an illustration station. While the experimental station at Agassiz serves the Fraser valley and the experimental station at Summerland serves the Okanagan, our conditions in the Kootenays are very different. I am not suggesting the establishment of an experimental station, but I do suggest we should have an illustration station for the assistance of farmers. These stations would give some leadership and guidance with respect to breeds of cattle, with respect to varieties of fruit which would avoid wastage in unnecessary plantings and things of that sort, and with respect to plant diseases.

I want to have a word or two to say about marketing. I might say that the commissioner wholeheartedly endorses the marketing scheme of Tree Fruits Limited in British Columbia which comes under provincial legislation. After a most exhaustive inquiry and the hearing of witnesses in all parts of the interior of British Columbia where tree fruits are grown he supports the present plan for the marketing of fruit and makes some recommendations for improvement in its operation here and there. But I want to deal with one recommendation he makes with reference to marketing. As found at page 790 of this report he recommends as follows:

That the provincial government request an amendment by the governor in council to the federal order in council under the "Agricultural Products Marketing Act" of Canada to give the fruit board powers similar to those given it by the lieutenant governor in council in the province of British Columbia, and in addition the powers to pool and equalize returns on tree fruits sold in interprovincial and export trade. No change in

the federal act would be needed because it already authorizes the delegation of the widest powers to the fruit board.

I must say, Mr. Chairman, that if we could get some planned over-all agricultural policy in Canada there is an opportunity in our district for the development of processing plants such as jam factories, canning plants and cold storage plants for the storage of livestock, dairy and poultry products. In British Columbia in my constituency we used to ship out some of the finest jam in Canada. There is a large market for jam in Canada. We have the soil; we have the young people and we have the ability but it is going to take some planning and some co-operation.

In conclusion, may I say this. I have hurried along in order to complete my remarks by five o'clock. I think it is necessary that some careful reseach be done in order to obtain accurate figures as to the costs of production of crops and livestock in various regions in Canada. We have the bureau of statistics figures. We had the figures given to us by the minister from his point of view. We have the figures provided by growers organizations or farmers organizations which on occasion make representations to the federal and provincial governments. I think it is necessary that we have some research done in this connection so that we may have figures which are acceptable to governments and to the agricultural producers as a sound basis for the operation of the farm prices stabilization act. In our opinion, Mr. Chairman, it is only by this form of economic and social planning in relation to agriculture that the future of the family farm can be assured.

I have hurried through my remarks, but I am firmly of the opinion that we are not going to solve this problem until it is approached from a completely non-partisan point of view. In my opinion, the objective is very much worth while. When one goes through the prairies and sees, shall I say, the ruin of the countryside by the development of these large industrial farms—the small rural communities being decimated, the country church and the country amenities being destroyed by this development—I think it is up to all of us, regardless of party, to use our influence in this parliament, in the legislatures of this country and in the various organizations to which we belong, working toward what I consider to be an extremely worth while objective, namely the maintenance and improvement of the economic family farm in Canada.

(Translation):

Mr. Dorion: You will allow me, Mr. Chairman, before beginning my remarks, to commend all those who up to now have taken part in this discussion. Their sincere and objective attitude proves how much importance they attach to the problem of agriculture in this country.

Being myself the representative of an entirely agricultural riding, which has no urban centre, it is proper that I should, in my turn, express the feelings, views and claims of the constituency of Bellechasse, of the province of Quebec and of the country as a whole, with regard to improving the position of a class which is absolutely essential to the economy of this country.

At the very outset of my remarks, I want to say a word about the issue raised by the hon. members for Beauce (Mr. Racine) and Charlevoix (Mr. Asselin) in respect of the producing and marketing of pulpwood in the province of Quebec, in Ontario and New Brunswick. It has been rightly stated that the corporations which develop our forest resources for the purpose of making paper are probably the first to blame for the bad marketing conditions which affect our farmers, not only in Quebec but also in Ontario and New Brunswick.

The other day, following a question I had directed to the Minister of Justice (Mr. Fulton), we learned that 17 of these companies have been prosecuted for infringement of the Combines Investigation Act while shamefully, deliberately and systematically exploiting—I have to use this word—the isolated small producers in our rural areas. Those punitive measures will not of course settle the problem. However, in taking this action according to law and within its constitutional responsibilities, the present government has shown a fairness and a sense of justice which deserve commendation.

In this respect, I entirely approve the remarks made more particularly by the hon. member for Charlevoix. And following the suggestions he made, may I be allowed—

(Text):

The Deputy Chairman: Order. It being five o'clock it is my duty, pursuant to section 3 of standing order 15, to rise, report progress and request leave to sit again later this day or at the next sitting of the house, as the case may be.

Progress reported.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

Private Bills

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. Speaker: As there are a number of items under this heading, is it the wish of the house to have the group of divorce bills standing for second reading taken up under one motion?

Some hon. Members: Agreed.

Mr. Speaker: Very well, by unanimous consent.

Bill SD-106, for the relief of Morris Gordon.—Mr. McCleave.

Bill SD-107, for the relief of Maurice Castonguay.—Mr. McCleave.

Bill SD-108, for the relief of Rita Lucia Palmieri Bellefleur.—Mr. McCleave.

Bill SD-109, for the relief of Alex Groot.—Mr. McCleave.

Bill SD-110, for the relief of Gustave Rene Gosselin.—Mr. McCleave.

Bill SD-111, for the relief of Marie Berthe Jeannine Quesnel Patenaude.—Mr. McCleave.

Bill SD-112, for the relief of Wauneta Langill Bourque.—Mr. McCleave.

Bill SD-113, for the relief of Pierrette Bertrand Suchereault, otherwise known as Pierrette Bertrand Chussereault.—Mr. McCleave.

Bill SD-114, for the relief of Yolande Bosse Murphy.—Mr. McCleave.

Bill SD-115, for the relief of Joseph Rolland Wright.—Mr. McCleave.

Bill SD-116, for the relief of Rosalie Jakes Reisinger.—Mr. McCleave.

Bill SD-117, for the relief of Jacqueline Ann Rosenfeld Bernstein.—Mr. McCleave.

Bill SD-118, for the relief of Margit Elizabeth Mary Temke Malcolm.—Mr. McCleave.

Bill SD-119, for the relief of Celia Claire Kanigsberg Dickman.—Mr. McCleave.

Bill SD-120, for the relief of Constantin Deacur.—Mr. McCleave.

Bill SD-121, for the relief of Bernard Fourcade.—Mr. McCleave.

Bill SD-122, for the relief of Sylvia Mary Mefrige Makad.—Mr. McCleave.

Bill SD-123, for the relief of Marjorie Seymour Hammond Pearson.—Mr. McCleave.

Bill SD-124, for the relief of Helene Dagenais Roy.—Mr. McCleave.

Bill SD-125, for the relief of Violet Winnifred Kean Newton Armstrong.—Mr. McCleave.

Bill SD-126, for the relief of Marlene Marle Korn.—Mr. McCleave.

[Mr. Speaker.]

Bill SD-127, for the relief of Elaine Shirley Dorfman Moscovitch.—Mr. McCleave.

Bill SD-128, for the relief of Eric Alexander McConnell.—Mr. McCleave.

Bill SD-129, for the relief of Etta Rose Palevsky Lerman.—Mr. McCleave.

Bill SD-130, for the relief of Edward Bruce Bonneville.—Mr. McCleave.

Bill SD-131, for the relief of Pamela Margaret Clark Creber.—Mr. McCleave.

Bill SD-132, for the relief of June Bernice Rath O'Hanley.—Mr. McCleave.

Bill SD-133, for the relief of Michael Zuk.—Mr. McCleave.

Bill SD-134, for the relief of George Frederick Davies.—Mr. McCleave.

Motion agreed to on division, bills read the second time and referred to the standing committee on miscellaneous private bills.

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO PROVIDE FOR PRINTING OF NEGOTIABLE INSTRUMENTS IN BOTH ENGLISH AND FRENCH

On the order:

Second reading of Bill C-9, respecting the printing of negotiable instruments in the English and the French languages.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, for several months now, I have been meeting my distinguished colleagues from the other provinces—

(Text):

Mr. Speaker: I take it the hon. member wishes to move second reading of the bill which stands on the order paper as item No. 14.

I have given considerable thought to the propriety of permitting a debate on this bill and on a further bill which stands on the order paper as No. 16, having regard to the fact that the house is already debating the second reading of a bill which for all practical purposes is identical in substance. Indeed, two of the bills are identical in wording. I think this is a situation which is without precedent in our house and I first considered whether the motions should be accepted to stand on the order paper at the same time. I am satisfied that this was quite in order, but I came to the conclusion that it would be quite improper to permit a second debate on identically the same subject matter as the subject matter of a debate which was already proceeding. In other words, the house is not going to occupy itself on two separate occasions under two separate headings with exactly the same business. That would not be reasonable, and I can find no support or authority for following such a course. Thus

I have come to the conclusion that this bill must stand, as well as the other bill in the same terms, or at least in terms for exactly the same purpose, until the bill which was first moved has been disposed of either by being withdrawn, which would open the door for one of these other bills to proceed, or by being approved, which would automatically dispose of these bills for the simple reason that the house would not vote twice on the same subject matter any more than it would debate the same subject matter twice.

That is the conclusion I have reached. If there is any disagreement with this view I should be glad to hear briefly what it is.

(Translation):

Mr. Pigeon: Mr. Speaker, I appreciate your remarks, but I felt that the wording of this bill was more specific than that of the other bills suggested, and put greater emphasis on the principle of bilingualism. With your permission, Mr. Speaker, I should like to have the honour and pleasure of dealing with this bill.

(Text):

Mr. Speaker: I understand the hon. member to say that there is a differentiation between the two bills. However, I have taken the trouble to go into the subject matter very carefully, and I must say that unless I can be shown in some more detail what this difference is, I must adhere to the ruling I have just made. I must say that I cannot see any distinction.

Mr. G. H. Aiken (Parry Sound-Muskoka): No doubt Your Honour has fully investigated this matter, but I should like to draw your attention to citation No. 373 to be found at page 273 of Beauchesne's fourth edition which says, in section (2):

> There is no rule which restrains the presentation of two or more bills relating to the same subject and containing similar provisions.

It may be that Your Honour feels that this does not apply in the case of provisions which are identical, but the citation does appear to allow debate on similar bills provided there has been no decision on second reading either accepting or rejecting such bills.

Mr. Speaker: That citation is, in my view, not applicable in this case because it refers to bills dealing with a similar subject matter. The hon. member will recall that we had an instance last session of a public bill and a government bill, both of which dealt with the same subject matter, proceeding at the same time without restriction. But they were not identical bills. The citation also refers, as the Clerk reminds me, to the presentation of the bills. No objection was taken to the presentation of these bills. It was only when they reached the stage of second reading that I found it necessary to intervene.

I refer the house to just one authority. Bourinot, fourth edition at page 329, states as a principle that unless this rule were in existence the time of the house might be used in the discussion of motions of the same nature, and contradictory decisions would sometimes be arrived at in the course of the same session.

Accordingly, I am afraid I cannot allow the hon. member to proceed with his motion.

Mr. O. J. Godin (Nickel Belt): Now that a decision has been made, Mr. Speaker, I should like to raise a point of order or, possibly a question of privilege. I feel that this is one of the rare occasions where it may be both. I feel I should raise a point of order and request that standing order 19(2) be adhered to by this house. We should afford all hon. members the privilege of being able to vote on the motion of the hon. member for Drummond-Arthabaska (Mr. Boulanger) that is coming up.

For the assistance of hon. members I shall read standing order 19 to which reference was made last Tuesday.

Mr. Speaker: Order. The hon. member is raising a point of order. There is no subject matter before the house at the moment and I fail to see how he could take up a point of order. He did indicate there might be a question of privilege. Unless the house has something before it I think he himself is out of order in speaking. We had better proceed to the next item. I will have the Clerk read the next item and then I shall hear the hon. member.

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO PROVIDE FOR PRINTING OF NEGOTIABLE INSTRUMENTS IN BOTH ENGLISH AND FRENCH

On the order:

Second reading of Bill C-12, an act to amend the Financial Administration Act—Mr. Ricard.

Mr. Speaker: The ruling I made with respect to the bill in the name of the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), item No. 14, applies also to this one. I cannot allow it to proceed to debate on second reading.

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, standing order 19 reads as follows:

> 19. (1) Questions put by members and notices of motions, not taken up when called may (upon the request of the government) be allowed to stand and retain their precedence; otherwise they will disappear from the order paper. They may, however, be renewed.

The second portion of this standing order has more direct application. It reads as follows:

(2) Orders not proceeded with when called, upon the like request, may be allowed to stand retaining their precedence; otherwise they shall be dropped and be placed on the order paper for the next sitting after those of the same class at a similar stage.

I realize I am a new member and perhaps not well versed in these matters. It has been the practice of this house to permit a member on his own to stand a bill or order for second reading without adhering to the rule and shifting the item to its proper place in accordance with the standing order. This is a privilege all hon. members have. I feel it would be very wrong to continue the procedure whereby an hon. member can remove the privilege of another hon. member. I realize I may be subject to being overruled by a member of the cabinet or by the house itself. If we allow a practice under which one hon. member may take away the right of another with respect to a bill which he feels is important and should move up in the order of business we will be adhering to a bad principle.

Your Honour has indicated that this is possibly the first time in the history of this parliament that bills had to stand in this fashion. I felt this was an opportune moment for me to indicate that the rule should apply to these bills when an objection is made by an hon. member and they should take the position which the standing order of this house requires them to take. If the rule had been applied, item No. 1 on the order paper today would be item No. 19 and the bills in question would appear immediately after item 28 on the order paper.

I submit that if an hon. member requests the privilege of having the rules adhered to that privilege should not be taken away from him by any hon. member of this house and that the government as stated in the rule on the proper occasions could make the request for retaining precedence.

Mr. Speaker: I believe the hon. member has a point. Our practice in this house as long as I have been here undoubtedly has been to allow an order to stand under this heading of public bills and orders if the hon. member in whose name it appears requests that it stand. It is true that the rule says that it may stand upon the request of the government. Rationalizing our practice with the rule as closely as we can I believe that we have assumed that if the government did not object to the hon. member's request to have his order stood and no objection was made it was assumed that the government had requested it to stand and the item was allowed to stand, the order was retained and the order paper was printed in the same order as it had been printed before.

All of us in this house have been accustomed to seeing a great number of items under this heading allowed to stand one after another and appear again and perhaps allowed to stand a second day and again a third day and then come back and be dealt with in the same order in which they were originally placed.

If strictly applied the rule would require the leader of the house to say he had no objection to the item standing but I think we have fallen into the careless practice of assuming that he says that when he does not say anything. That is my interpretation of what has developed as our practice. Perhaps the more correct way would be for an hon. member who wishes his bill to stand to rise in his place and say, "With the leave of the government I wish this item to stand," and that would put the house leader under the necessity of saying "Yes" or "No" and the matter could be dealt with in that way.

As we have followed the practice to which I referred as careless, perhaps we should consider whether in the future we might be more careful of what the rule says. Because we have followed that practice I do not see how I can interfere with the order paper as it stands today. However, I will take the hon. member's point under advisement and proceed accordingly.

The hon. member has asked that item 16 stand.

An hon. Member: Has it?

Mr. Speaker: I am not sure.

Mr. Green: Stand.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should be very glad if my bill were allowed to remain in the order in which it is now.

(Text):

Mr. Speaker: The rule says that upon the request of the government it may stand. I understand the house leader has asked that it stand.

Mr. Green: Yes.

Mr. Speaker: Therefore, I declare that this item stands.

(Translation):

Mr. Pigeon: Mr. Speaker, to come back to my bill, I note that it is not altogether identical with the others which have been proposed. For instance, part of the explanatory notes of Bill No. C-4 read as follows:

—it is enacted . . . that the notes payable to bearer on demand and intended for circulation in Canada issued by the bank, shall be printed in both the official languages—

Whereas Bill C-9 says:

—shall be printed in both—

(Text):

Mr. Speaker: Order! Order!

(Translation):

Mr. Pigeon:

—official languages at the same time.

(Text):

Mr. Speaker: Order! Order!

(Translation):

Mr. Pigeon: There is a difference.

(Text):

Mr. Speaker: I understand the hon. member is attempting to revert to business which has already been disposed of and that we cannot do.

BRITISH NORTH AMERICA ACT

AMENDMENT RESPECTING READJUSTMENT OF REPRESENTATION IN THE HOUSE OF COMMONS

On the order:

Second reading of Bill C-14, an act to amend the British North America Acts, 1867 to 1952, with respect to the readjustment of representation in the House of Commons.—Mr. Fisher.

Mr. Howard: I would like to request the house leader to give permission to allow it to stand.

Mr. Green: I do not want to be accused of being a dictator. However, following up the regular practice, I would ask that this stand.

Mr. Benidickson: You must be consistent.

Mr. Speaker: The bill stands.

CANADA ELECTIONS ACT

AMENDMENT REQUIRING RETURNS SHOWING INCOMES OF POLITICAL PARTIES

Mr. Frank Howard (Skeena) moved the second reading of Bill C-17, to amend the Canada Elections Act (election expenses).

He said: The purpose of this bill is indicated in the explanatory notes and was also indicated during the last session. It is to have apply the same principle that applies to candidates and contributions to candidates to the contributions to political parties themselves and to require that political parties, like candidates in an election, file a statement respecting the contributions that have been made to them and the source and the amount of the expenditures.

During the last session the hon. member for Edmonton West (Mr. Lambert) had a number of comments to make on this bill and on rereading his remarks of last year I was pleased to see that he indicated he would endorse it this session. He will now be able to deal with it.

We find that when it comes to election expenses the larger the country grows, the more wealth it has and the larger its population, the more money there is around and the more money is spent for election purposes by political parties. Some millions and millions of dollars have been spent in recent years. It is estimated that some $7 million to $8 million was spent by the Conservatives alone during the last election, and we are of the opinion that the general public is entitled to know what elements of society, if any, are attempting to subvert political parties.

A candidate must disclose the source of contributions made toward his election expenses. That being so, we feel that the same principle should extend to a political party itself. We all know the axiom that he who pays the piper calls the tune. I think the public is entitled to know who is paying the piper with respect to parties as well as with respect to candidates.

I do not intend to go into too much detail or make too extensive remarks on moving the second reading of this bill. The bill was dealt with to a degree during the last session and undoubtedly, as the hon. member for Edmonton West indicated at the last session, he will support it now in order to get it in the hands of the privileges and elections committee this year where we can go into it in great detail.

In years past there has been an unsavory history of contributions to political parties. We know that in some instances people who make contributions get the spoils, or get on the gravy train, if there are any spoils or any gravy trains involved. I would like to put it this way. I should like to point out what the application of the present act means and how it is complied with or not complied with, as the case may be. I should like to do that by making reference to the returns which were filed by some of the candidates in the province of British Columbia and then pose the question whether we should not have a little closer look at contributions which are made to political parties.

My good friend from British Columbia, the Minister of Public Works (Mr. Green), filed a statement or his official agent did on his behalf. We find an item in the return having to do with contributions to the candidate's fund in that constituency, or toward the Conservative candidate who is the Minister of Public Works, by a Mr. Frederick Field. His address is listed as 675 West Hastings, Vancouver. He made a contribution of $5,000, which is a pretty substantial amount of money. We find that the same individual,

Mr. Frederick Field, at the same address in Vancouver, made a contribution toward the expenses of the candidate who is now the hon. member for Vancouver Centre (Mr. Jung) in the amount of $7,675.88, which is a pretty hefty amount of money to put into a campaign. We find that this same individual, Mr. Frederick Field, paid to the tune of $5,000 toward the campaign expenses of the hon. member for Cariboo (Mr. Henderson). My good friend, the hon. member for Vancouver South (Mr. Broome) also was earmarked for a contribution. He did not fare so well as the other three individuals; he got only $3,000 from Frederick Field. Here we find one individual in Vancouver who, from the returns that I have —they may not be all complete; he may have had made other contributions to other candidates—contributed over $20,000 toward the campaign funds or the campaign expenses of the four individuals I have mentioned who now sit in this house.

As one can appreciate, this is a pretty hefty amount of money. Where did it come from? We do not know whether he was handling it in transit from somebody else. Whether it came from other sources is far beyond my knowledge. Whether some consideration was given to Mr. Field himself at a later stage by this government remains to be appreciated by each individual in his own light, but we find surprisingly enough that Mr. Field who dished out these 20,000 bucks at least ended up on December 1, 1953, by being appointed as a director of the Bank of Canada and the industrial development bank on a temporary basis. He was appointed for a three-year term on the first day of March.

There are other items listed, large amounts of money, in the thousands of dollars, for other candidates. The attempt is made by candidates to list the total amount of their expense contributions as coming from one organization, from a constituency organization of a political party or from the provincial headquarters of a political party. The point is that the present provisions of the act requiring the candidate to file his expenses are not complied with. The intent of the provisions is not complied with. The individual candidate can list that he received $6,000, $7,000, $8,000 or $10,000 from a political organization and there is no indication as to the people who contributed toward that lump sum.

The intent of the act in the first instance was to require the candidate to file his election expenses and show who made contributions to his election fund. This has been overcome by candidates filing a report indicating that they got their money only from one source, that source being, as I said, the constituency association or the provincial organization or the national organization of the particular party. The source might also be some other organization or individual whose sole duty was merely to handle campaign fund contributions from the central party and distribute them to the particular candidates.

The intent of the bill is to attempt to meet the requirement set out in the act at the present time that the public are entitled to know the source of campaign fund contributions. We will then not have in the future such cases as I have just mentioned where one individual can be listed by four separate candidates as having contributed $20,000 with the result that people wonder later, after that individual is appointed by the government as a director of a couple of organizations, whether or not there is some nefarious intent involved. I am not suggesting that there was but I am saying that people would probably ask themselves this question if they had known of the situation. It is something that we should attempt to overcome. We should attempt to maintain the greatest possible degree of morality with regard to political contributions.

Mr. Lambert: May I ask the hon. member a question? Would he place in the same category the appointment by the Saskatchewan government of certain people, formerly colleagues of his in the house, to positions under the Saskatchewan government?

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, it would appear that the hon. member is not going to answer the question so I should like to proceed with the debate that has been initiated on this bill. The subject matter of course, is of very vital and deep interest to all hon. members because it involves a proposed amendment to the Canada Elections Act and each member of the house is very much interested in the contents of the Canada Elections Act as well as the operation of the statute because it is by means of that machinery that we have all found our way to this chamber as members thereof. The bill deals with one of the most vexing problems confronting any Canadian citizen who offers himself for office on the federal level, namely the processes whereby he obtains the funds necessary to run his political campaign. These funds are popularly known, of course, as the sinews of war.

As I listened to the hon. member explain the bill it seemed to me that he has a very dark and suspicious outlook with regard to the level of public morality in this country. No doubt he was speaking for himself and he is entitled to do so, but in participating in this debate I want to deal with my understanding of the bill before the house from my own experience as a candidate in several elections since 1951. Before the hon. member

spoke I had given him the benefit of the doubt and had suspected that he might be preoccupied with the problem confronting every member resulting from the rising cost of conducting election campaigns. I had thought that the amendment that he proposed to the act perhaps would make some small contribution toward reducing the ceiling on the costs of running an election campaign. However, in listening to his remarks I found that this idea did not enter into his interpretation of the amendment.

In a democratic society such funds must be raised from private sources. We have no access whatsoever to public funds in obtaining the necessary finances to carry on our election campaigns. All of these funds are provided through voluntary support. From my experience I have found that there are at least four major categories into which we can divide the sources of the funds obtained by the local committee, the provincial committee or the national campaign committee. First of all, some of these funds are obtained from large business corporations. Second, smaller business firms in the local communities make their contributions, usually on the level of the local campaign committees. Again, with the development of modern society and the emergence of other organized groups, labour unions have made substantial contributions to political campaigns. In Canada there is a tendency for this source of voluntary contributions to support one particular political group. However, from personal experience I find that the most important source of election campaign funds is contributions made by supporters of the party within the constituency, by donors who anonymously contribute to a particular individual's election campaign.

In addition, and I doubt whether this practice prevails in the larger urban areas, in rural western constituencies particularly it has become almost an accepted practice to help to defray election expenses by the old fashioned method of passing the hat or taking up a collection. By that means expenses arising from renting a hall are covered at the local community level. I know that in my constituency organization we try to make every poll in the district responsible for the expenses arising from the carrying on of the campaign in that particular section of the constituency. From my experience in several elections those are the main sources of campaign funds. As I examine the sources of the funds, I see no reason to be unduly suspicious that the contributions made are designed to subvert the true processes of our democratic society.

As I said at the outset of my remarks, I am speaking from my personal experience. However, if it is true that funds from these various sources are used as suggested by the sponsor of this bill for subversive purposes, it suggests an unfortunate level of political morality in this country, which I trust does not operate too generally or in too many constituencies. I have never observed that tendency myself, and therefore I have the feeling that the introduction, the interjection, the emphasis or the underscoring of this particular aspect of the problem of raising funds is a tendency toward projection on the part of the hon. member concerned.

I would have one very strong objection to supporting the amendment as it is outlined in the bill. The essence of our democratic system is the secret ballot. I think if there is any subversion involved at all in the situation, that subversion would occur as a result of the amendment. There would be a tendency to violate the principle of the secret ballot because there would be widespread knowledge as to the support of the private citizen, the business corporation or other groups I mentioned, given to particular political parties by the donors concerned.

Mr. Howard: That exists right now.

Mr. Dinsdale: To a very minor extent.

Mr. Howard: To a very major extent.

Mr. Dinsdale: I think the more we can preserve the secret ballot, the healthier our democratic system will be.

Mr. Howard: Certainly, but it has nothing to do with the secret ballot.

Mr. Dinsdale: Although the hon. member did not mention this particular aspect of the problem, if the hon. member is concerned about the rising costs of conducting an election campaign I think there are other ways of dealing with the problem than the one outlined in the bill before the house. I am going to refer to the systems that are followed in the United States and the United Kingdom. A ceiling is placed on the moneys that can be expended by each of the major groups. Whether or not there is adherence to this ceiling, I do not know, but the ceiling is set at the sum of $3 million. In the United Kingdom, they have provided more direct control over expenditures. Expenditures are limited to so much per voter in each riding, plus a flat sum that is allowed for the national campaign.

These are attempts to cope with this problem by legislative means. In the United States, perhaps, the legislative approach has not been too successful. In the United Kingdom, I understand that the legislation is effective in imposing a ceiling. I would suggest

that a much better, a much more democratic approach to this problem, is to operate a legitimate campaign. The old days of vote buying and other devices that used to be resorted to in the elementary stage of the development of our democratic processes, I feel sure are now past. We can further reduce the expenditure ceiling by encouraging voluntary workers, by resorting to old fashioned techniques of economy, by having the campaign conducted on a voluntary basis, party workers volunteering their services in all respects, the scrutineers manning the polls and so forth, which tends to be one of the major items of expenditure.

I think that rather than endeavouring to impose morality by legislative means upon the body politic, we would be making a much more substantial contribution to our electoral processes if we worked toward raising the level of political morality generally. It is well-known truism that stateways do not make folkways. You cannot impose morality upon the public by legislative means. If there is larceny in the soul, it will burst out regardless of how many legislative prohibitions are imposed. If my hon. friend is concerned about the tendency toward subversion of our democratic processes by means of the financial control exercised through voluntary contributions, I think he would be making a more positive contribution toward the solution of this problem if he campaigned on behalf of raising the level of public morality generally; that should be part of our election campaign in a democratic society. After all, those things that broaden the values, ideas and morals are not going to be controlled from without, but control must come from within.

Mr. W. L. M. Creaghan (Westmorland): Mr. Speaker, time will not permit a very long debate tonight because we had such difficulty in deciding which public bill would be under debate. However, for the few moments at my disposal I should like to discuss generally what is intended by the bill introduced by the sponsor of Bill C-17. In the first place, I think I had better explain to the house that, generally, I am opposed to the legislation because, in my opinion, there have been too many attempts within the short time I have been here to make piecemeal amendments to the Canada Elections Act.

A brief review of the session just concluded will indicate to the house that last year there were five bills introduced, bills C-8, C-15, C-18, C-19 and C-23. The same bills have been re-introduced during this session. They are identical in form, and in fact they have the same sponsors as the bills that were unsuccessful in 1958. I am also of the firm opinion that amendments to the Canada Elections Act are most important and should only be introduced after serious and careful study by the committee of the house which is responsible for that type of legislation, and after the advice of experts who are available to assist such a committee.

Another principle to which I am opposed, and which appears in this bill, is the infringement upon basic freedom. In the first place, the bill makes it mandatory that the return be filed within four months. If it must be filed, then it follows that it must be accurate. When filed it automatically becomes a public document. There are thousands of electors in Canada who make voluntary contributions of small amounts to political parties of their choice. I know that there are many thousands of supporters in the country who make personal contributions to the party which the mover represents. Equally, there are as many or more who make voluntary contributions to the party which I have the honour to represent. These people make these contributions on one understanding, namely that their names will remain secret.

As soon as a person runs for office he is marked and tabbed for life as a supporter of a certain political party. The same thing will apply if photostatic copies of the contribution list were made public in each and every individual riding. That is something that could well result if the central committee were obligated to make public its contribution list. In fact, in my opinion, this bill, if passed, might do more to take away our freedom than any bill introduced in recent years.

I know that the mover last year referred to the fact that similar legislation was in existence in the province of British Columbia. That may be so, Mr. Speaker. However, that does not mean that it would be good legislation for Canada as a whole. As the hon. member who preceded me said, the most important thing in a democracy is to make certain that the ballot remains secret as it is today. Otherwise we might end up with a one-party system in Canada as we see it, unfortunately, in too many communist countries.

Mr. Howard: We are very close to it here.

Mr. Creaghan: If it were mandatory that the individual donor to a national political party have his name made public, he would automatically be marked, tabbed and accepted as a supporter of that party. There are today in Canada not only individuals but many companies, both large and small, which make voluntary contributions to election campaigns. Many of them, including individuals, make contributions to more than one party. In fact,

I think the major source of campaign funds is the money that is collected voluntarily on the local level. This bill does not try to find out the source of that contribution unless the contribution finds its way into central headquarters.

Mr. Howard: That provision is in the act already.

Mr. Creaghan: Central headquarters is the hub of any political party. Are we to be obligated by this bill to separate what national headquarters might spend during the time of an election. How do we designate what it spends for ordinary day to day expenses? I do not think any hon. member present will disagree with me when I make the statement that, in order for a party to remain national, it is necessary to maintain at all times active national headquarters. It is necessary to have a permanent staff. I believe that all parties represented here have such a staff. Staffs must be paid salaries. Headquarters must be provided for them. There is also the matter of the publication of literature. In my opinion it would be absolutely impossible for any national headquarters to separate what is actually spent on elections. In the party which I represent an election campaign goes on continuously.

Mr. Speaker, I realize that there are other hon. members who wish to take part in this debate. In conclusion I wish only to state that I am opposed to the legislation principally because of the fact, as I said originally, that I do not like to see such an important act being amended piecemeal from session to session without the research and study to which it is entitled. In the second place, I am opposed to the principle of making it necessary for a donor to have his name filed in a public document and advertised throughout the country.

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I call it six o'clock?

Mr. Pickersgill: No.

Mr. Nielsen: It is hardly worth while, Mr. Speaker, in the short time that is available to me now, to make a start on the rather lengthy remarks I have to make in connection with this bill. However, there are two points which I perhaps might be able to make in the two minutes that are left to me. The first is with regard to the declaration of election expenses by a central committee. Apart from the fact that it is rather difficult to define just what the bill means by a central committee—and I think this point was raised by the hon. member from Edmonton who spoke on the bill last year—whether it is the national central committee or the central committee of the province or of a local association, there is this difficulty and I fail to see how the bill gets around it.

I am not suggesting for a moment that what I am about to say will actually come about, but let us suppose that the Canadian Labour Congress determines, as a matter of policy, to support a particular political party. As I say, I am not suggesting that it is the case but am just assuming it for the purpose of making this point. Suppose this policy was written into their constitution. Suppose that policy and that constitution required the contribution by various labour unions across the country for the specific purpose of earmarking funds to support political campaigns of a particular political party, and I mention no party by a name. Then suppose it comes campaign time and the election is over and the requirement exists that the particular political party which I am assuming the C.L.C. is supporting must file a return under this amendment. All the particular political party would have to do, and still be fully within the terms of this particular amendment, would be to state that the source of their funds was the C.L.C. How does this amendment, in the light of the point I have just made, assist in designating individuals or concerns from whom these funds are made available to political parties?

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for Monday and Tuesday, and perhaps the leader of the house would project his mind a little bit further into next week.

Mr. Green: As I announced last night, Mr. Speaker, there will be a supply motion on Monday. On Tuesday we are asking for interim supply.

Mr. Chevrier: On Tuesday?

Mr. Green: On Wednesday. I think there will also be supplementary estimates. I cannot as yet say what particular legislation we will take up after that on Wednesday, but I will let the hon. member know.

It being two minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

AIRPORT CONSTRUCTION, SAULT STE. MARIE

Question No. 118—**Mr. Nixon:**

1. Is the contract with the firm of Michaud & Simard, for the building of an airport at Sault Ste. Marie, Ontario, on schedule?

2. When will tenders be called for the erection of administrative buildings, provision of equipment, etc.?

3. Have any provisions been made in plans for the new airport, for planes equipped with skis and for private planes?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. The Michaud & Simard contract is considered by the departmental engineers to be about 15% behind schedule, due principally to wet weather in 1958.

2. It is hoped that tenders can be called for the terminal building, maintenance garage, etc. in the winter of 1959-60. Provision has been made in the 1959-60 main estimates for the purchase of equipment.

3. No special provisions have been made for ski-equipped aircraft but the graded areas adjacent to the runways will be available for such operations.

DORVAL AIRPORT OVERHAUL BASE—ARCHITECTS AND ENGINEERS

Question No. 220—**Mr. Fisher:**

1. What were the names and addresses of consulting architects and engineers used by Trans-Canada Air Lines in the development of its hangar and overhaul base at Dorval airport?

2. Were their services engaged for this specific job or have they been the regular architects and engineers of Trans-Canada Air Lines?

3. If not, have they been used on any previous Trans-Canada Air Lines work? If so, on what project?

4. Has Pigott Construction Company had any successful tenders with Trans-Canada Air Lines in the last ten years, and if so, on what contracts, to what value?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Ross, Fish, Duschenes & Barrett, 4115 Sherbrooke Street West, Montreal, Quebec.

2. The services of this firm were engaged for this specific job.

3. The firm has not been used on any previous T.C.A. work.

4. Pigott Construction Company was awarded the general contract for construction of the Trans-Canada Air Lines hangar and overhaul base at Dorval airport, theirs being the lowest bid received in response to a public call for tenders. No other contracts have been awarded to this firm by T.C.A. in the past 10 years.

[The following items were passed in committee of supply]:

NATIONAL GALLERY OF CANADA

236. Administration, operation and maintenance, including grants as detailed in the estimates, $879,640.

237. Payment to the national gallery purchase account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act, $25,000.

PUBLIC ARCHIVES AND NATIONAL LIBRARY

A—Public archives—

308. General administration and technical services, $542,870.

B—National library—

309. General administration, $188,279.

310. Payment to the national library purchase account for the purpose of acquiring books, in conformity with section 12 of the National Library Act, $40,000.

HOUSE OF COMMONS

Monday, March 16, 1959

The house met at 2.30 p.m.

SUPPLEMENTARY ESTIMATES, 1958-59

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1959, was presented by Hon. Donald M. Fleming, (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—STATEMENT ON REQUESTS FOR POLICE REINFORCEMENTS AND JUDICIAL INQUIRY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the house would wish to know that late last week I received two telegrams from the premier of Newfoundland, the first regarding a request that 50 additional Royal Canadian Mounted Police constables be sent to that province, and the second requesting the setting up of a judicial inquiry into the troubles that have occurred there.

While this government has no intention of infringing on matters under provincial jurisdiction, I feel impelled to say that the premier of Newfoundland has greatly aggravated the present situation in that province by intervening in a labour dispute in a way which apparently goes beyond the usual role of government. The result, as might have been anticipated, has been a violent reaction on the part of the workers concerned. Under the circumstances we have concluded that it would be provocative and likely to cause further outbreaks of violence to authorize the sending of further members of the R.C.-M.P. at this time.

We feel that the Royal Canadian Mounted Police has performed its duty with fairness and efficiency. The situation in Newfoundland will be kept constantly under review and if the mounted police, in the proper discharge of their duties, are subject to or encounter intimidation or threats by lawbreakers reconsideration will be given immediately to this decision.

With regard to the request that a commissioner be appointed to inquire into and assess responsibility for acts of lawlessness and violence in Newfoundland, there seems to be no necessity for the setting up of such a commission. I feel I speak for all hon. members in this house when I say that the important consideration now is not to have a commission or any other inquiry set up to determine a responsibility which is so apparent. The important thing and the urgent necessity at the present time is to bring about an end to the existing situation. I would think that the danger of disorder and violence would be very much reduced if all those concerned would agree to a cooling off period of say two weeks. The whole country, I am sure, would welcome some reasonable action being taken along these lines.

Mr. Speaker: Order. I see the Minister of Justice on his feet, and I understand he wishes to make a statement which is related to the statement made by the Prime Minister. With the concurrence of the Leader of the Opposition, both these statements might be made and both commented on together.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I regret to have to advise the house that I have received a letter dated March 12 from the commissioner of the Royal Canadian Mounted Police in which he submits his resignation. I have advised the commissioner by letter today that under the circumstances I have no alternative but to accept his decision and will prepare a submission accordingly to the governor in council. I will ask consent of the house to have these letters printed as an appendix to today's *Hansard*.

The facts leading up to this resignation can be summarized as follows. On Sunday, March 8, I received a wire from the attorney general of Newfoundland asking for 50 additional Royal Canadian Mounted Police reinforcements and citing the terms of the contract. I immediately consulted with Commissioner Nicholson and found that he in turn had been advised by Superintendent Parsons, the officer commanding the Royal Canadian Mounted Police in Newfoundland, that he had made a request to the attorney general of Newfoundland.

As a result of these consultations, however, it was agreed that the situation might be kept under control by the sending of some 25 members of the Newfoundland constabulary from the city of St. John's into the strike area. This was done, and a further 20 Royal Canadian Mounted Police from

other points in the divisional area were also brought into the strike area and, on this basis, it was reported that control of the situation might be maintained. However, arrangements were made by the commissioner, with my approval, to alert the Royal Canadian Mounted Police in the other maritime provinces so that if the situation should require it and authority should be forthcoming, reinforcements could be sent in from the outside with a minimum of delay. This information was accordingly conveyed by the commissioner to Superintendent Parsons and by him to the attorney general of Newfoundland.

Following the clash that took place on the highway outside the town of Badger on Tuesday evening, March 10, the situation apparently deteriorated further and Superintendent Parsons advised the commissioner that in view of the movement of 100 further strikers into the area, he felt that the call for reinforcements should be renewed.

On receipt of this information from the commissioner on Wednesday morning, I approved his taking the steps necessary to gather the men in the maritimes who had been alerted, and to have air transportation arranged. I told him, however, that while these steps were to be taken as a precaution I was not giving authority for the plane to take off from Moncton, and that this was not to take place until I had an opportunity to consider the situation further and to consult with my colleagues with regard to it. These consultations were held on Wednesday afternoon, and it was decided that a state of readiness should be maintained but that reinforcements should not be dispatched at that time.

The commissioner thereupon informed me that he could not agree with the decision, in view of his understanding of the effect of the contract, and that he would have to resign. Perhaps, Mr. Speaker, I might stop here to say that the decision of the commissioner has been under review. I do not want to give the appearance that this was immediately precipitated; it has been under review, and the final decision has been taken and communicated by my letter to him today to which I have already referred.

In order that the issue may be clearly understood, I should read the relevant clause, which is clause 13 of the contract, as follows:

> 13. Where in the opinion of the attorney general of the province an emergency exists within the province requiring additional members of the force to assist in dealing with such emergency, Canada shall, at the request of the attorney general of the province addressed to the commissioner, increase the strength of the division as requested if, in the opinion of the Attorney General of Canada, having regard to other responsibilities and duties of the force, such increase is possible.

This, in my view, makes it clear that before the government of Canada is required to dispatch reinforcements as requested, the Attorney General of Canada must form the opinion that, having regard to other responsibilities and duties of the force, it is possible to send the reinforcements. It is also clear that the ultimate responsibility for the decision rests on the Attorney General of Canada.

Further to clarify the issue leading up to this resignation, I think I should read at this point the relevant passages from the commissioner's letter. I am now quoting from his letter of March 12:

> There is no doubt in my mind as to the need and I am certain that the number of men asked for can be provided without prejudice to "other responsibilities and duties".
>
> I realize that other issues are before you which arise from this strike but I feel most strongly that the matter of law enforcement should be isolated and dealt with on its own merits. This is the attitude the force has taken throughout. It has not concerned itself with the issues back of the strike but has merely tried to maintain law and order in the area.
>
> I think the contract clause on this matter of providing reinforcements in an emergency is clear and I cannot escape the conclusion that failure to supply reinforcements in this instance is a breach of that clause. Bearing in mind that we have similar contracts with seven other provinces the decision of the government has a particular significance.
>
> With these considerations in mind I feel I have no option but to ask you to accept my resignation and this I now do. I hope you will be able to relieve me as soon as possible and I shall await your advice as to what arrangements will be made to that end.
>
> I cannot close without telling you how much I regret having to take this step. I am within a year of completing my full service and I had looked forward to finishing my time in a more pleasant way. I have enjoyed serving under your direction and I have appreciated your support of the force and your active interest and understanding in all aspects of its work. I assure you that it is only a firm conviction of the correctness of my view which leads me to take this disagreeable action.

That is the end of the quotation from the commissioner's letter. I have reproduced in quotes those parts in which the commissioner discussed the issue between us. As I said, I shall ask leave to table the whole letter and my reply.

It was with deep regeret that I found that the commissioner disagrees with the decision that I felt had to be taken, and that this disagreement led him to decide that he should resign. The fact is, however, that the contract is a contract between the government of Newfoundland and the government of Canada, and that the decision called for by

the contract is a decision to be made by the Attorney General of Canada.

In acknowledging the commissioner's letter of resignation I have endeavoured to set out the position, as I understand it, in the light of clause 13, as follows:

> The obligation imposed on Canada by that clause is to increase the number of members of the force in the province if, in my opinion as Attorney General of Canada, "having regard to other responsibilities and duties of the force", such increase is possible.
>
> In reaching my conclusion on the question whether "having regard to other responsibilities and duties of the force" such increase were possible, I, of course, as you know, gave the most careful and anxious consideration to your views that additional members could and should be sent to Newfoundland without prejudice to other responsibilities and duties of the force. However, upon a consideration of all the factors, including especially the importance of preserving the character and capacity of the force to discharge its duty in connection with law enforcement in all of Canada, I came to the conclusion, after consulting my colleagues, that, as the situation existed at that time, it was not possible to send the additional men requested without prejudicing the other responsibilities and duties of the force. This decision was my responsibility. I reached it only after the most careful consideration of your views and of all the other factors that, in my judgment, were relevant. I regret profoundly that you came to the conclusion that, by reason of that decision, you should resign.

That is the end of the quotation from my letter.

Since it is obvious that the point involved here is the question of whether account should be taken of anything more than the mere physical availability of men in determining whether reinforcements should be sent, I should outline the view upon which my decision is based.

I do not accept, and the government of Canada cannot accept, that an issue of this importance—whether reinforcements should be sent under the circumstances such as existed here—can be decided on the basis of a mere mathematical calculation as to whether men are physically available. We cannot discharge our responsibility by considering only the physical circumstances prevailing and examining the need for men under those circumstances. We must also consider the over-all responsibilities of the force, and our responsibility for the force, in a much wider context.

The primary duty of the force is to maintain law and order wherever the force operates throughout Canada. It is therefore an essential responsibility of the force to maintain its full integrity and its ability to discharge that duty on a national basis. In my view I cannot overlook, in assessing the responsibilities of the force, the necessity to ensure that it is not cast in a role which in effect might disable it from discharging its responsibilities to the country as a whole by weakening its standing as a law enforcement body. The responsibility of the force in this sense I have had to keep very much in mind in assessing the request which came from Newfoundland.

The Prime Minister has in his statement indicated clearly our views as to where over-all responsibility for creating this situation lies, and also what should be done now to end it. It will be apparent from the Prime Minister's statement what are the various factors that I have had to bear in mind in assessing this call for reinforcements.

In the current situation the activities of the government of Newfoundland appear to have gone beyond the usual role of a government. That role in this context is first to provide the machinery for the promotion of industrial peace and development and for the settlement of industrial disputes, and second to preserve and enforce law and order in the course of any dispute that may arise.

In the current situation, however, the activities of the Newfoundland government take on the character of an intervention in a dispute actually in progress, on the side of one of the parties and against the union which up to that time had been chosen as the bargaining agent by the workers and certified as such under the terms of the appropriate provincial legislation. This is an abnormal role for a government, and certainly has the elements of an attempt to extinguish from the province a trade union national in character and hitherto chosen by the workers in that industry, in that province, as their bargaining agent.

As I appreciate the situation, therefore, the request made by the government of Newfoundland for Royal Canadian Mounted Police reinforcements takes on the character not of a request to assist in the normal function and duty of the province in maintaining law and order, but of a request for additional help made necessary in the course of the furtherance of a project to extinguish a union from the province.

We have also had to bear in mind the possibility that under these circumstances to send additional Royal Canadian Mounted Police into Newfoundland, instead of ensuring that the situation is kept under control, might act only as provocation to further incidents of violence and defiance, so there is no certainty that the sending of them would not do more to inflame the situation than to control it.

After weighing all these factors, and discussing them with my colleagues, I have come to the conclusion that the arguments against

sending more men at this time outweigh the arguments in favour, and I have decided accordingly, having regard to all the responsibilities and duties of the force.

This decision, as I have said, was a decision which was my responsibility to make, and I regret that the decision was not acceptable to the commissioner; but I had no alternative but to make it, and having made it to accept his resignation if he felt he should submit it. The situation, however, will be continuously watched and arrangements are being maintained with regard to the alert of the men in the other maritime provinces. As the Prime Minister has said, reinforcements will be sent immediately should they become necessary in order to protect the safety of the members of the force who are presently engaged in their proper function of maintaining law and order in Newfoundland.

It remains only for me to express my deep, personal regret that the commissioner should have felt impelled to act as he has done. Hon. gentlemen will perhaps appreciate my attitude in this regard, particularly in the light of the close personal relationship which has existed, and of my knowledge that the commissioner is within a year of normal retirement. As I have said in my letter to him, although I disagree fundamentally with his view as to the course which he should follow, I respect his sincerity in arriving at his decision.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I begin by saying that I think all members on all sides of the house will have learned with the greatest possible regret of the resignation of the commissioner of the Royal Canadian Mounted Police. He has served his country for many years with honour and distinction, and he has always shown in that service—and I know the minister will agree with me—a high sense of public responsibility and duty. I feel quite certain that the commissioner would not have resigned for any reason which is inconsistent with his own sense of public duty and responsibility, and in the communications from which the minister has read the commissioner has indicated in quite clear terms his reason for this resignation.

There are one or two other matters, Mr. Speaker, on which I would like to comment. The first is the decision announced by the Prime Minister and elaborated on by the minister, not to accede to the request for police reinforcements made by the government of Newfoundland in accordance with section 13 of the agreement entered into on June 12, 1957 between the governments of Canada and Newfoundland. That section is perfectly clear. I do not need to read it again; it has been put on the record once more this afternoon by the minister. The only question to be determined by the Attorney General of Canada under that section is whether the requested increase is possible having regard to other responsibilities and duties of the force.

The minister this afternoon, in making his statement, has given an interpretation of section 13 which will certainly require, and will receive, very careful examination. It was an interpretation which, although I tried to follow it, was difficult for me to understand. He related his decision to the activities of the government of Newfoundland, not so much to the request of that government for further assistance in the maintenance of law and order but because of an interpretation—and this is his responsibility, not that of the government—which he has given to certain policies of the government of Newfoundland. The minister has taken his responsibility in that regard and has decided that in view of this kind of interpretation given to a paragraph that on the face of it seems very clear he is not able to accede to a request made within the terms of an agreement reached with the province.

I also wish to discuss the matter of the request of the government of the province of Newfoundland for a public inquiry. I hope the Prime Minister will table or put in *Hansard* the exchange between the premier of Newfoundland and himself, the request and the reply to the request. I have not a copy of the request made by the premier, nor have I seen it except in the press. However, it would appear from the press that the request for a public inquiry was made in the following terms:

> In the interest of the peace, order and good government of Canada, and to protect the good name of the R.C.M.P., the government of Newfoundland invites the government of Canada to set up at once a public inquiry.

Mr. Smallwood is reported by the press as having asked that the inquiry be made under a superior court judge from outside Newfoundland to investigate the "acts of lawlessness and violence which have taken place in central Newfoundland since the strike of the loggers began on December 31". The inquiry, according to the press, should be held "for the purpose of ascertaining the facts and assessing the responsibility".

In the first place I think the fact that such a request was made in those terms is an evidence of the desire of the government of Newfoundland to secure and make public all the facts concerned with the matter covered by this inquiry. We on this side of the house have thought that a full and objective inquiry of this kind would be

desirable in view of the uncertainty created and the differences of opinion that have been expressed over what actually happened. The conduct of the R.C.M.P. has been bitterly attacked in the press and elsewhere and as strongly defended. Charges of disorder and violence have been made and have been rejected. I suggest that if we desire to understand the situation, as we do, and if we wish to criticize recent legislation passed in the house of assembly of Newfoundland in meeting the situation, we should have accurate and full information from an objective and impartial inquiry on which to base our views.

Any differences of opinion over facts are bound to have a bearing on differences of opinion over the legislation which was passed by all the members of both parties in the Newfoundland legislative assembly, which was and which remains accountable to the people of Newfoundland. It will be remembered that last summer the federal government initiated legislation in this house, which was approved by parliament and by all hon. members of this party, and which ended a strike and sent men back to work. This was, of course, an interference with the right of free, collective bargaining.

Mr. Diefenbaker: Does the hon. gentleman say that the legislation in Newfoundland is comparable?

Mr. Pearson: I have not said that, Mr. Speaker, but I have said that we passed legislation in this parliament last summer which was an interference with the right of free, collective bargaining, in that by legislative enactment it sent men back to work. Any interference of that kind can only be justified after all the facts are known, as I think they were known last summer, on grounds of emergency; when the public interest or the public security demands such emergency action in the face of clear and present danger to security or to the economic life of the country or of a province.

On the basis of the facts that are known with regard to the Newfoundland situation strong differences of opinion, as was inevitable, have developed over the measures taken by the government and the legislature of Newfoundland to deal with the situation which confronted that province. I have expressed my own views on this issue when I said in view of recent events in Newfoundland; I wished to repeat what I have already stated, to the effect that the policy of the national Liberal party in labour matters has been and will continue to be firmly based on the right of free, collective bargaining through unions chosen by the workers themselves.

Mr. Fleming (Eglinton): Except for Newfoundland.

Mr. Starr: Newfoundland is the exception.

Mr. Pearson: Mr. Speaker, I have said that is the policy of the national Liberal party of Canada, and those words speak for themselves. However, if hon. gentlemen would like to hear it I am prepared to express an opinion. This is the first occasion I have had to speak on this matter in parliament. On the basis of the information I have received I would be unable as leader of this party to agree with certain of the procedures that have been followed or with specific provisions of the new laws.

The people of Newfoundland feel strongly on this matter, and I know that a unanimous assembly with very strong support from the people of that province would not have supported this action of their government if they had not thought—and many of them I am sure came to this conclusion very reluctantly —that the interest and welfare of the province required it. Surely it is our duty not only to get all the facts about this matter but to try and understand the views of the people of Newfoundland with regard to it. I have tried to do that myself, even though as I just said the information I have leads me to conclude that I could not agree with all of the steps taken.

One of the most disquieting features of this whole tragic and unhappy business is the growing sense of grievance and resentment in what is an ancient colony, but a new province, over what so many of its people feel to be a lack of understanding on the mainland of the position; of its difficulties and problems and, indeed, its dangers. This feeling is bound to be increased by the fact that often the conditions, attitudes and circumstances of Newfoundland are not the same as those of the older provinces.

Mr. Diefenbaker: Mr. Speaker, perhaps the hon. gentleman would permit a question in view of the fact that he is speaking at great length. Would the hon. gentleman let the house know which of the elements in the legislation are those with which he does not agree?

Mr. Pearson: Mr. Speaker, the Prime Minister did not give us any information on this matter from his side of the house. I have said there are certain specific provisions in this legislation with which I cannot agree, and I mention this because—

Mr. Diefenbaker: Which ones?

Mr. Batten: No one interrupted you.

Mr. Starr: Which ones do you disagree with?

Newfoundland—Administration of Justice

Mr. Pearson: Perhaps the Prime Minister will keep quiet for a moment and let me finish my speech.

Mr. Speaker: Order. May I remind both sides of the house that this is not a debate. The Prime Minister has made a statement and the Leader of the Opposition is commenting upon it.

Mr. Churchill: At great length.

Mr. Pearson: Thank you, Mr. Speaker. As I was saying before the Prime Minister saw fit to interrupt me, the people of Newfoundland are in this matter, as in other matters, naturally sensitive to any misrepresentation of their motives and to anything they consider to be unfair in the reporting of conditions in the province.

Surely, Mr. Speaker, whatever we may think of the action taken in Newfoundland in this labour dispute, it is of vital importance to do nothing to add to this feeling of resentment or to this feeling of being misunderstood; for from that could grow a feeling of isolation which would be especially regrettable as we approach the tenth anniversary of that fortunate day for Canada when the work of confederation was completed by Newfoundland joining this nation. I suggest, Mr. Speaker, that we all have a responsibility in this parliament, as they have in the legislative assembly of Newfoundland, to refrain from saying or doing anything which would add an unnecessary strain on this union.

I can only add in conclusion, Mr. Speaker, that for the reasons I have given it is most regrettable that the kind of objective inquiry requested by the government of Newfoundland, which also would have covered the request made by the Canadian Labour Congress for an inquiry, and which might have had important and positive results along the lines advocated by the Prime Minister himself when he said we ought to have a two-week cooling off period, has been refused by this government.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, we have all been waiting with a great deal of interest to hear a statement on the position of the government with respect to the critical and unfortunate situation in Newfoundland. After hearing the Prime Minister and the Minister of Justice, I think we can safely say we now know the position of the Conservatives, but I am doubtful whether we know the position of the Liberals; not yet, anyway.

I do want to say, Mr. Speaker, that I am not going into the question of the legal interpretation of section 13 of the contract between the government of Canada and the government of Newfoundland as regards the utilization of the R.C.M. Police in that province; but we do unhesitatingly say that irrespective of the legal interpretation of that matter, in our opinion the position taken by the Minister of Justice is morally a correct one, and we commend him on his decision. He has shown an understanding of the probabilities if certain action had been taken in sending down at this time and under existing circumstances and situation, an additional complement of 50 R.C.M. Police reinforcements. We quite agree with the interpretation which he had the honesty to express just a few moments ago that the request for the reinforcements was not so much on the basis of maintenance of law and order as it was for assistance and as a bulwark in pushing forward the stooge union of the premier of the province of Newfoundland, and we maintain that that is not the purpose and is not the function of the R.C.M. Police.

We are quite disappointed in the statement of the Prime Minister as to the position of his government and as to their decision after reviewing the request for an inquiry. We too feel most strongly that nothing but good could have come from the holding of a judicial inquiry. As was pointed out by the Leader of the Opposition, it is necessary to try to get the absolute and correct facts as to the situation in that province. It would mean a great deal in clearing the air and in clarifying the situation. I repeat that we would ask the Prime Minister to reconsider that decision and have an honest and complete inquiry into the basis of the present situation so far as the dispute in Newfoundland is concerned.

But, sir, though we say that we feel it would be a correct and a useful procedure, we would like to have a little more information also and to know just what is meant or just what is in the Prime Minister's mind when he so emphatically recommends a two-week cooling off period. Just what is meant by a cooling off period, sir? Just what are both sides to the dispute supposed to do? What would take place—

An hon. Member: Obey the law.

Mr. Winch: —during the cooling off period? Well, I am afraid the Prime Minister did not give us any indication as to what he thought would take place during the cooling off period. I think we can safely state what we think would take place in this so-called cooling off period, namely that the premier of Newfoundland has outlawed a legitimate trade union in that province. He has outlawed it and has brought in severe penalties if the members try to carry on as a legitimate

trade union. The premier himself has taken the initiative in the formation of a new union.

Mr. Speaker: Order. I should remind the hon. member that there are two matters which were dealt with in the statements made, and it would be more in accordance with practice to confine his statement to the two matters which were dealt with, namely the reinforcement of the police and the public inquiry, and not to get too broadly into a debate of the other matters.

Mr. Winch: I thought that was exactly what I was doing. I had already spoken, sir, on the question of the reinforcement. The Prime Minister spoke of the inquiry, and then he outlined what he thought should take place in Newfoundland and he named a cooling off period. It is the very matter of the cooling off period which was mentioned by the Prime Minister in his statement, sir, which I am discussing. However, that is quite all right except—

Mr. Speaker: I was not objecting to that part of the hon. member's remarks but rather to his apparent departure into the realm of the actions of the premier of Newfoundland.

Mr. Winch: May I put it in this way, Mr. Speaker. I always like to bow to your wishes. I believe that a cooling off period would actually function if the Prime Minister would make one announcement as to the basis of the cooling off; that is by letting it be known now that in the general interest of Canada and in the particular interest of Newfoundland and as a guarantee of the protection of citizens of that province in the free organization of an association or union of their own choice, he will use his power of disallowance to remove this legislation from the statute books of Canada. That, sir, in our estimation would be the finest thing that could be done. Most certainly sir—I hope this is in order—it would be in line with the Conservatism which the Prime Minister maintains he upholds. Therefore, sir, from the point of view, as mentioned by the Prime Minister, of an injury, or on the basis of a cooling off period, so as to give him time to take the necessary steps for disallowance, it is completely in line with Conservatism and we would ask him, sir, to consider it on the basis of basic principles and on the facts of his philosophy.

I should like to read a couple of quotations that give an indication as to the approach which we feel, coming from the Prime Minister and the government, would resolve this situation in Newfoundland in the most speedy manner. I presume, sir, that Quintin Hogg, now Lord Hailsham, would be considered a good authority on Conservatism. I should like to quote an important passage from his book "The Case for Conservatism", in which he says, as found on page 69:

> But just as Conservatives believe that the freedom of the individual is subject to law, so also subject to that rule must be the power of the state and the discretion of ministers to fetter the freedom of the individual.

Again, on page 73:

> To some partisans of the left, democracy means no more than a tyranny based on the counting of heads. Where 51 are opposed to 49 the 51 must always have it, however arbitrary or unjust their view. The Conservative regards this doctrine as the reverse of justice and even the reverse of democracy.

I point that out in view of the statement of the Leader of the Opposition about how the law in question was carried by a majority of the house. Even if we cannot penetrate the thinking of the Liberals I draw that quotation to the attention of the Prime Minister, so that he will take note of what was said by Quintin Hogg about this principle of Conservatism.

There is a great deal more one could say, Mr. Speaker, but as you say this is not a debate. We plead with the Prime Minister to recognize that this dispute, although it is taking place in one province, has created not only an unfortunate situation there but an uproar throughout the length and breadth of Canada. All Canadians are very concerned about what is taking place there. They are very concerned that legislation has been placed on the statute books of that province which goes back 100 years to the days of feudalism.

The federal government must maintain an interest where the rights of the people and the rights of free organizations are concerned. Therefore we ask two things. First, we ask for the institution of an inquiry so as to get full and complete information. Second, we ask for the maintenance of democracy in Canada by the disallowance of this vicious legislation which has been placed on the statute books of Newfoundland by a would-be Hitler, to the disgrace of his own people.

Mr. Fulton: Mr. Speaker, I do not think I obtained official leave of the house for the request I made.

Mr. Speaker: Is the minister requesting that the documents be printed in *Hansard* as an appendix?

Mr. Fulton: Yes.

Mr. Speaker: Is it the pleasure of the house that these documents now being tabled by the Minister of Justice be printed as an appendix to *Hansard*?

Some hon. Members: Agreed.

Inquiries of the Ministry

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether the Minister of Justice would also agree to table and put in *Hansard* the exchange of communications he had with the attorney general of Newfoundland?

Mr. Fulton: I do not think they form any part of the context of this discussion, but I will be glad to look them up and if they seem to relate directly I can discuss the matter further.

[*For text of letters referred to above, see appendix.*]

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Prime Minister. Can the Prime Minister inform the house when the government is likely to come to a decision with respect to the disallowance of the Newfoundland legislation?

Mr. Diefenbaker: The answer is no, Mr. Speaker.

[*Later:*]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the minister from Newfoundland if he concurred in the decision of the government to repudiate the contract with the province of Newfoundland.

Mr. Speaker: The hon. member, I think, knows that the constitutional practice is that the Prime Minister speaks for the cabinet.

Mr. Pickersgill: Perhaps I could ask the minister a supplementary question. Does the minister intend to uphold the honour of his province by submitting his resignation?

SHIPPING

QUEBEC—STATEMENT AS TO SUBSIDIZATION OF PASSENGER SHIP COMPANY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Friday last the hon. member for Lapointe asked me if the Canadian maritime commission had granted a subsidy to a Quebec passenger ship company operating in Quebec without a permit of operation issued by the public service board of that province. The answer to the question is no.

COAL

NOVA SCOTIA—INQUIRY AS TO GOVERNMENT ACTION TO ASSIST INDUSTRY

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question I should like to ask the Prime Minister. Is the Prime Minister in a position now to make any statement on the coal problem in Nova Scotia?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the house will be glad to know that the government has made encouraging progress in its study of the problem, and I expect to be able to make a statement to the house on this question tomorrow.

Hon. Paul Martin (Essex East): May I ask the Prime Minister a supplementary question. Does the Prime Minister not recall that he told the people of Sydney in the last election campaign that he had the solution to that very problem?

Mr. Diefenbaker: Mr. Speaker, I wonder whether that is another of that group of statistics for which the hon. gentleman has become so noted.

Mr. Martin (Essex East): Mr. Speaker, may I suggest to you, rising on a point of order—

Some hon. Members: Order.

Mr. Martin (Essex East): —that under the rules of the house the Prime Minister may refuse to answer a question, but that under our rules and traditions he has no right to indulge in irrelevancies—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —and if he does we can only conclude, as do the people of Sydney with whom I was on Saturday night, that the government has no policy at all.

Mr. Speaker: The hon. member has raised this matter as a point of order. Perhaps he would think it relevant to consider the nature of the question he asked in the first place.

Mr. Martin (Essex East): Mr. Speaker, I will give that matter my serious consideration.

ADMINISTRATION OF JUSTICE

SUDBURY, ONT.—REQUEST FOR APPOINTMENT OF DISTRICT COURT JUDGE

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): I should like to address a question to the Minister of Justice, to whom I sent a copy of the question earlier. In the light of the grave necessity for the appointment of a district court judge for the judicial district of Sudbury, indicated in a news item in the Sudbury *Daily Star,* a copy of which I have sent to the minister, and in view of the statement made in Sudbury last Saturday in my presence by the attorney general of the province of Ontario that a request had been made to

the federal government for the appointment of a judge for Sudbury and that the department was awaiting the said appointment, can the minister indicate to the house the position of the federal cabinet with respect to this matter and why the appointment has not been made?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. gentleman kindly sent me notice of his intention to ask this question. I have not seen the details and I was not there to hear the statement made by the attorney general of Ontario, but the fact of the matter is that last year the Ontario legislature amended its county judges act by establishing six additional offices, and we at the same time amended our Judges Act to provide salaries for these positions. Five of these judges have been appointed because the areas for which they were to be appointed have been designated by the province, but the fact is the province has not yet provided for a third district court judge for the district of Sudbury.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

CANADIAN-UNITED STATES RELATIONS

Hon. L. B. Pearson (Leader of the Opposition): Once again, Mr. Speaker, this motion gives the official opposition an opportunity to comment on a matter of important policy and to criticize, if criticism is required, the action or inaction of the government in respect of that policy. Today, Mr. Speaker, I am going to raise, and I do it in no narrow partisan sense, a question of the greatest importance which concerns our external relations, and a question which has been very much in our minds, indeed which we have been discussing already in some of its aspects. I am referring to the matter of Canadian-United States relations.

I hope in dealing with this matter to do so in as constructive a fashion as possible, and to put some ideas to the government which may help in the solution of some of the problems that face us in this field, and for that purpose to move a motion toward the end of my remarks. I venture to hope, Mr. Speaker, that perhaps this discussion can be carried on without too much reference on one side to the question of what did you do, or perhaps without too much reference on the other side to the question of what did you say. I hope also, Mr. Speaker, that the discussion can proceed without too much display of press clippings and dredging up of debating points from previous occasions, because the question of Canadian-United States relations is a matter not only of the greatest possible national and international importance, but one which transcends the normal debating points that one makes in specific domestic problems and indeed at times specific problems in international affairs. Therefore I hope to consider this matter with the responsibility which it deserves.

As I said just a moment ago, and have said on many previous occasions, there is no more important subject facing us at the present time than our relations with the United States. I know of no more complicated subject, no subject more difficult or complicated for Canada, politically, economically and indeed culturally; no subject that requires more careful, cool and honest consideration, consideration which will be as free as possible, subject to our human and political weaknesses, from emotion and prejudice and which will be treated with as clear an understanding of where our true long range interest lies, the greatest of which is of course the preservation of peace and security in the world.

Now, Mr. Speaker, the problem of our relations with the United States is our most important single international problem, at least in the bilateral sense of the relationship of Canada with any other single country, even though it is only a part, a very important one, of our general international policy for peace and security. I believe that is a point upon which we are all united in this house. This problem is, of course, of far greater importance to Canada than to the United States. I am talking now of the bilateral aspect of our relationship. I do not need to waste the time of the house in elaborating upon it.

The realistic consideration of the problem is often hindered on the one hand by what I might call the unguarded boundary, 140 years of peace approach, which perhaps is less prevalent in Canada than it is in the United States. There it is based upon what many, including myself, have referred to as benevolent ignorance. On the other hand, it does not help in the solution of the problem that faces us in this field when we in Canada display self-righteousness or become oversensitive at times and yield to the temptation to give gratuitous advice to our neighbours occasionally in a fashion which has subjected us to the mild reproach of having become charter members of the international society of sidewalk superintendents.

Both these approaches, on the one side and on the other, prevent the kind of serious consideration of these problems which is required. I suggest, and I am sure my hon. friends will

agree with me that it is a sign on our part—I am talking only about ourselves—of immaturity when we are petulant and captious, when we are purely negative, carping in our criticism, we are not likely to accomplish very much, and we are at a time when there is so much to accomplish in this field.

The keynotes to our relationship with the United States—it may seem platitudinous to say this—are threefold. The first is the intimacy of the relationship, and that speaks for itself. I need say nothing further about that. The evidence of it is at hand on every side in every contact we have with our neighbours across the line. The second keynote is the importance of this relationship and the growing, if you will, awareness of that importance below the line. The third keynote, which in a sense is related to the second and is an aspect of the problem which has been mentioned more than once by the Prime Minister in debates on international affairs, is our interdependence with the United States. This is something of which I believe we are far more conscious than our neighbour is, which may be a fact which helps explain something of the difficulties we have in our relations with the United States.

I should like to remind the house that this matter of interdependence, on which I shall say a few words, should be more than continental, even though it is the continental aspect of interdependence that we so often have in mind when we use the word and even though it is the continental aspect of interdependence of which we are most conscious economically, strategically and politically.

May I just say a word first about the political aspect of this continental interdependence. As reported at page 1549 of *Hansard* of March 3, the Prime Minister had this to say:

> —we intend to continue to assert unswervingly that we shall have for Canada a fair, full and equal participation in all decisions which go to our common defence.

It seems to me, Mr. Speaker, that we would be unrealistic if we in this country based our policies on the assumption that we must have equal participation in all decisions that are concerned with common defence.

Mr. Diefenbaker: Would "equitable" have been a better word?

Mr. Pearson: Fair consideration and full consideration, yes; but if we think—and I am sure the Prime Minister will agree with me in this statement—that in all these matters we are going to have equal consideration with the nation which bears the greatest responsibility because it has the greatest power in the free world, we are going to leave ourselves open to disillusionment which may result in disappointment and, at times, in criticism and complaint. Sovereignty—and the Prime Minister had a good deal to say about this the other day—means equality between states in theory, but it does not and cannot mean absolute equality in practice between states of different size, power and responsibility in reaching decisions of common interest today.

There are recent statements from Washington which prove what I am trying to indicate. There are recent statements which show in an alarming way, I believe—in any event, alarming to me—that the United States government has already made up its mind what to do in certain contingencies that are related to the Berlin situation but which certainly affect the common defence. That defence, we are told—and I am not objecting to the statement because I think it is true—is now and must remain continental in the sense that it cannot be based on national plans or national policies alone. We are told that it must be based on the unity of the two countries for defence planning, or at least for the strategic and tactical side of planning. Yet as President Eisenhower pointed out at his press conference of March 4, and I quote from that conference—and these are words which are pregnant with significance—

> When you have got certain circumstances that . . . could put your nation's life at stake . . . whatever would be necessary the President would then order.

And the measures that he felt it necessary then to order—and I hope he will never be put in the position where he has to do this—nevertheless would affect us just about as much as they would affect the United States of America.

The Prime Minister had something to say about this matter to the House of Commons on March 3 when he said this, and I quote from page 1547 of *Hansard:*

> What is our position in Canada? Some seem to have the view that we could be neutral in any war that may take place, neutral in the event that the United States was involved . . . There is no neutrality of that kind today.

Mr. Speaker, I would not go as far as that, as to insist that we could not be neutral in any war in which the United States was involved, and perhaps the Prime Minister did not mean that.

Mr. Diefenbaker: Under NATO.

Mr. Pearson: Under NATO there is no neutrality. An attack on one NATO country is an attack on them all. That concept of neutrality we abandoned when we signed the NATO pact in respect of the NATO area,

but I do not think that means that we cannot at least avoid involvement in non-NATO wars that any other country might find itself engaged in in a limited way, or in an area of the world which has nothing to do with NATO.

Mr. Diefenbaker: I am very much interested in this matter. Suppose there was an attack on United States forces in Asia. Then what would our position be?

Mr. Pearson: If there was an attack on United States forces in the NATO area, of course we would be at war as soon as parliament met and took the necessary action. We have an international obligation to consider an attack on the forces of a NATO country inside the NATO area as an attack on our own forces. If there was an attack on United States forces in some part of the world far removed from the NATO area, in the Far East or some other place, I am not trying to suggest for a minute that we would be able to escape the consequences of any action in which the United States was involved. But I do not go so far, and I have never gone so far and perhaps the Prime Minister would not go so far, as to suggest that this means that we would have to abandon the legal concept of neutrality in any attack on a United States force in any part of the world. I certainly would not want to accept that as a doctrine guiding our international obligations or our international policy.

Yet if the President of the United States ever had to take the kind of action which he mentioned in his press conference, I repeat that we would be affected; we would certainly be involved in some form or other, because we could not escape. The President made clear a week later, on March 4, what he would order in defence against aggression, when he said at the following week's press conference:

> We are certainly not going to fight a ground war in Europe.

When I read that statement I wondered. I know it was a statement at a press conference, but it was a statement by the President of the United States, a statement which seems to have been contradicted since then by one or two service chiefs in the United States. But any statement of that kind could not help but create anxiety, I am sure, in the minds of people in other countries who heard it. In the policy leading up to that kind of statement, does Canada have a full, free and equal voice? That is a statement that certainly bears on common defence. What are the implications for Canada of a statement of that kind in terms of continental interdependence which we all agree must be recognized?

No doubt we shall have an opportunity to examine these matters in greater detail in subsequent debates on defence. I mention them now merely to point out what I think is one of the major problems facing us in our relations with the United States, namely the increasingly—perhaps because of the circumstances with which we are faced—one-sided character of continental interdependence in this field and in other fields which I shall mention later.

We agree that policy in defence, trade, production or anything else cannot in this country be based any longer on the old concept of unlimited and unrestricted national sovereignty. I agree wholeheartedly with what the Prime Minister said about that matter the other day. I think there is no doubt where we in this party stand on that matter. We have shown it when we were in office in word and I think we have shown it in deed by our advocacy of NATO and other collective security arrangements. The record of 12 years in office is an indication of where we stand with regard to the matter.

Mr. Diefenbaker: What did the hon. gentleman understand by the swift thinking attributed to the President in that press conference? He mentioned the implications, and then he did not complete the statement.

Mr. Pearson: The implication of that statement which I thought would create some anxiety in people's minds outside the United States—I do not want to say anything which will be unnecessarily alarmist—surely would be that if action were begun in regard to the defence of the rights of the NATO powers in West Berlin, which rights, as the Prime Minister and I have already stated should be firmly upheld, and that action resulted in counteraction, which in turn resulted in conflict, that conflict could only be all-out air conflict.

That is the implication to be drawn from the President's statement. It is of far-reaching importance and underlines the necessity of the fullest, freest and most equal consultation possible among allies before policies of that kind are agreed upon. If the nations of NATO and the free world cling to old, outworn concepts of sovereignty, and by doing so find they have weakened their security and created disunity within the coalition, which apart from the weakening of our strength, is the thing these people would most like to see brought about, we may find that we have saved our sovereignty but lost

everything else. The Prime Minister put the same idea to us the other day in another way.

Mr. Diefenbaker: I am listening very carefully to the hon. gentleman, and I am asking him for information. What does the hon. gentleman mean by "clinging to the outgrown concept of sovereignty"?

Mr. Pearson: I think the best explanation I can give of my views in that regard is the fact that we considered it necessary in this country ten years ago to accept obligations in regard to collective security which limited our freedom of action. We felt it necessary to give up some of our sovereignty in that respect and accept limits on our freedom of action in order to increase our security and thereby, we hoped, strengthen the peace.

Mr. Diefenbaker: Thank you.

Mr. Pearson: On the other hand, Mr. Speaker, if interdependence—which must, I submit, mean some limitation on sovereignty —rejects, as I think it should, absolute national sovereignty, then in the continental sense it cannot rest on Canada's excessive subordination to the policies and decisions of the United States. I am now talking about continental interdependence. That is why I strongly believe that Atlantic interdependence is a far better policy and concept for us politically and economically than continental interdependence. Surely we have recognized that in our acceptance of NATO obligations, in the NATO commands, and in everything else which flows from NATO. Surely this means, because of our political situation on this continent, that intercontinental defence for us should include continental defence in the most direct manner possible. Interdependence politically and strategically, as well as economically, I submit is a preferable concept for Canada than continental interdependence.

I know that our relations with the United States in this field recognize this concept of interdependence, but that recognition on such a continental, narrow basis—if the North American continent is a narrow basis; it is only relatively a narrow basis—has surely been shown by the events of the last few years. In some aspects of our relationship that interdependence has been shown to be more apparent than real. We have learned, I think more particularly in the last year or two, that a defence system based on a genuine and equal interdependence of two nations so different in power as are Canada and the United States is very difficult indeed to work out in practice. In practice, whatever we may have in mind in theory, such a system usually means that the more powerful nation retains most of its independence and the other, the less powerful nation, tends to become more dependent.

Mr. Diefenbaker: May I ask if that has applied in the NATO organization as such, in the hon. member's experience?

Mr. Pearson: I do not think so, Mr. Speaker, because I think the broader the basis of the interdependence the greater opportunity there is for the various members to make their views effectively known. But whether it applies in NATO or not, and I do not think it does to the same extent as bilaterally in the North American continent, surely it is a good thing for Canada to broaden the basis of its interdependence and thereby—I was going to use the word "weaken" the pressures which come from the south when we are working together with the United States alone without the benefit of a larger grouping. This continental relationship, then, which we have to accept and work out to the best of our ability tends to become one more of dependence than interdependence, from our point of view. We have certainly learned in the last few months that this interdependence, this continental interdependence and unity, is more apparent in the field of strategy and planning than it is in the field of development of resources and industrial production.

Mr. Diefenbaker: So is the NATO organization under section 2.

Mr. Pearson: The Prime Minister says this is also so in the NATO organization. But it has not been tested in the same way in that organization because there has not been the same effort yet, that I know of, between any of the NATO countries to work out any special relationship inside NATO, as there has been between Canada and the United States.

Perhaps I know as much as most people how difficult it is to do much about article 2. I think the Canadian delegations at the present time, as in the time of the previous government, have done what they can to make progress in that field. I suggest that the only alternative, Mr. Speaker, is an interdependence which means a balanced, collective defence where each nation can specialize in certain types of defence production. In the long run it seems to me that is the only approach which will make a collective system work, whether that collective system consists of 12, 13 or 14 nations under NATO, or the two nations on the North American continent. If that kind of interdependence is essential this implication must be acceptable by all members of the group,

including the United States, if the collective organization is to survive. It requires defence resource development and production sharing arrangements between governments much more far-reaching than those which now exist between the United States and Canada, and between Canada and the NATO countries.

So much, then, for that aspect of interdependence. What about our trade relations between the two countries? Surely over recent years they have also illustrated our growing dependence on the United States. Hon. members opposite have had a lot to say about that in past years, and they have called attention in no uncertain terms to the dangers to Canada's development because of that growth. I think the growth over the years of our commercial and trade dependence on the United States—I am talking now about the last 10 or 15 years—was not only inevitable, but I think if we had not had that development of economic and trade interdependence we would have been in a very bad way in this country after world war II.

Why did this occur? Why have we become more dependent in these matters on our neighbour? The reasons are pretty obvious, and I am sure are familiar to all members of the house. Perhaps the most important reason, and one we do not often refer to in discussions of this matter, is the fact that we have had two world wars with a relative decline of the western European countries brought about by their efforts and sacrifices during those two world wars. That effort weakened them economically and made them less available as markets for our goods.

The first reason then is the relative decline of the western European countries in the world economics and especially after world war II when there were currency difficulties arising out of impoverishment through war exertions and sacrifices.

Second, there were higher costs of production in North America which tended to divert more and more of our products to the only market where we could compete in price, which was the United States. Third was the important part played by United States capital in our amazing development. We could not have had the pace and pattern of that development without United States capital but it did result in the growing dependence on the United States in some phases of our economy and it resulted also in demands for measures to counter the dangers arising from this kind of development. It has now reached the point in this country where three quarters of the $7,500 billion of the foreign capital invested in Canada comes from the United States. This involves an economic and financial problem but it may become a political problem. We need the capital but we want to ensure that the capital does not mean outside control.

A very good illustration of the advantages and dangers of this kind of development which emphasizes our dependence on the United States was given the other day when the Prime Minister (Mr. Diefenbaker) spoke as reported at page 1549 of *Hansard* of March 3 and had this to say:

> How often have hon. gentlemen opposite laughed when we talked of plans for northern development to secure the northern areas for Canada so that they would not be lost.

I do not recall laughing at that policy but we will let that pass. The hon. gentleman continued:

> In the last few weeks something of that development plan which was scoffed at, the design of which was to improve the economic future of Canada and also preserve those areas for our defence, has been shown to be achieving fruition in the events which have taken place in connection with those vast mineral and oil areas which are today being taken up.

I believe it is true—the minister directly concerned will correct me if I am wrong; but his own information shows I am not wrong—that this development in the way it has been brought about and is now taking place is largely through the movement of more United States capital through United States oil companies or their Canadian subsidiaries into the northern parts of Canada. This is a recent illustration, a development that has occurred in the last few weeks which reveals the advantages and may later reveal some of the difficulties that flow from that kind of assistance.

Another reason why we have become more dependent on the United States over the years than some of us would perhaps like to see with respect to economic and trade matters is the United States need for our raw and semi-processed material. Hon. members know how this works out. We are advised by the United States when there is a period of emergency in that country where our raw materials are required for strategic or defence purposes, as was the case a few years ago, to develop and produce these resources at any cost and that the market will be there in the United States at an reasonably profitable figure. We are told to go ahead and produce the stuff and then when national production in this country is stepped up or the need diminishes in the United States or as is more often the case, both, the tap is turned off in the United States and restrictions are put on the imports of those goods into Canada, goods that we were urged to produce in the first place.

I need only to cite as examples lead, zinc and uranium. It was not many years ago that this country was urged by the United States authorities to proceed with the search for uranium. Washington advised us to search and hunt for all the uranium we could find here and develop it and they would make a contract to purchase practically all of that uranium. We were told it was necessary not only for our economy but for United States security that this should be done. During the period we developed this uranium—by that I mean capital from a good many countries, not only Canada—the search for uranium went on in the United States and now that they have found great quantities of uranium in that country, when the time comes to renew that contract on which some areas of Canada now depend I hope in Washington they will not point to United States production and say. "No longer do we need your help in this field, thank you very much."

The same problem is arising over oil. The voluntary restrictions that were in effect for a period extending back a couple of years have been replaced by mandatory restrictions. We have some right to complain about that item but we have more right to complain about the reason given for that kind of restriction, that is national security. National security cannot be accepted by Canadians as a valid reason for the imposition of restrictions on continental production. If we are interdependent continentally for defence we ought to be interdependent continentally for the production of oil for defence use in the planes that fly over Canadian territory. Yet we were told that for reasons of national security this cannot be done and our oil imports have to be restricted.

There are other examples. There are increased restrictions placed on our imports as I have mentioned, and increased and unfair competition in marketing abroad our agricultural products, a matter with which all hon. members are familiar. There is also the effect of escape clauses and peril points in the United States reciprocal trade agreement act which minimized the advantages we receive from the legislation. Because of this act and the arrangements made under it at GATT the duties on Canadian exports to the United States in many fields have been considerably reduced in the last ten years. The advantages we have been enjoying from that in the past may now well be threatened by the new escape clauses which the United States can impose against us. Other difficulties are created by the interference with the trade of Canadian subsidiaries of United States companies to areas of the world where it is illegal for a United States company to trade and the effect of United States anti trust legislation applied to Canadian companies.

I have mentioned only a few illustrations. I do not think it is an exaggeration when I say that a serious situation has developed in this aspect of our relationship. We must consider what we can do now to prevent that situation deteriorating into economic conflict from which nobody on either side would gain anything. We ask ourselves if the present arrangements in effect are satisfactory to deal with these problems. Are Canadian interests sufficiently considered in the application of the principle of continental interdependence? If not, what can we in this parliament do to improve that situation?

We have, of course, the normal intergovernmental contacts and I suppose they are just as continuous and effective under the present government as they were under the previous government when I can assure hon. gentlemen from personal knowledge they were both close and effective, both personal and official and both formal and informal. We have the use of the diplomatic machinery which I am sure works as effectively now as it has always worked in both Washington and Ottawa. We have some relatively new pieces of machinery and some which go back two or three years.

We have, for example, the intergovernmental cabinet committee on economic matters. It did not meet very often when this party was in office and I would be the last person to say it was a very effective piece of machinery so I am not trying to score any debating points when I say I do not think it is any more effective in its present operations or has met more often in the last year and a half than was the case before 1957. We also have a joint intergovernmental cabinet committee on defence which the Minister of National Defence (Mr. Pearkes) may think is an invaluable piece of machinery but it does not seem to have met very often.

However, we have something new in the joint congressional parliamentary committee which has been set up. This is a piece of machinery that is not only novel in the relationship between the two countries but it could be very important. When I say that I emphasize the word "could" because it could also be almost all window dressing. If that joint congressional parliamentary committee means that every six months there will be a trip to Washington for a couple of days and then in the next six months there will be a trip to Ottawa for a couple of days you would have a good time in Washington and a good time in Ottawa. You would meet opposite numbers in congress and the opposite numbers in parliament. That is all to the good, of course. You would

get to know the problems of Washington and the problems of Ottawa a little better and perhaps that would have some effect, but I do not for one moment believe that a joint committee of this kind, carried on in that way, will have any considerable or lasting effect on the solution of the problems with which we are faced.

I do hope that those who are responsible for the operation of this committee will perhaps discuss together to see whether there is not some way by which this committee, which is of such great potential importance, can be made actually important in the day to day examination which a committee of this kind might make through a permanent staff on both sides, through more frequent business meetings and day to day examination, give to problems which are coming up and which might be considered on this legislative basis before they became a subject of public controversy. I know this is not going to be easy.

One of the difficulties in regard to working out an arrangement of this kind is the difference between our parliamentary and congressional systems. Committees in Washington, as we all know, have an independent, effective existence and indeed an effective influence sometimes on the executive even in spite of the executive. I doubt whether that could be said of committees in a parliamentary system of government. And therefore with this different approach to the parliamentary structure and the functions of committees as they operate under congressional principles it is not going to be easy to work out this new piece of machinery in a way which might help solve this problem of throwing light on them before they become public problems. I hope the government will look at this and see if there is not some way in which this piece of machinery can be made more effective than it will be.

One of the men who has done most to make the United States more aware of the Canadian problems—in that I think we all owe him a debt of gratitude—is Representative Coffin of Maine. Representative Coffin made a speech in Portland, Maine, on February 13. He was dealing with a statement which he had made, when the two congressmen who came up here a few months ago, made a report on the new relations between Canada and the United States which, in his view, perhaps required a new form of association. I know what will be said about that when we approach the United States government, if we approach the United States government, for a new form of association. They will say, what we do for you, you will have to do for others. I say that that argument does not hold water any longer. If in fact our relationship is so important, so intimate, and if this special interdependence between Canada and the United States because of the force of circumstances is not the same as it is between the United States and any other country; if that is the case, perhaps we must ask for some special form of organizational arrangement to reflect that interdependence. Perhaps that is what Representative Coffin had in mind when he said this:

> I had come to see that we could expect a reasonable solution of our boundary waters and power problems, our trade differences, our customs and immigration problems, our transportation, agricultural, and fisheries problems only if both congress and the executive were able to take the broad view. On the congressional level this meant giving enough senators and congressmen an understanding of the full range of problems so that in the consideration of any particular measure backed by those with a specific regional or occupational interest, there would be a larger number of legislators who could afford to look at the problem in perspective and strive for a sound approach. On the executive level what is needed is a device or procedure which can bring together the thinking on all of the issues between the two nations. The objective would be to consider some problems en bloc, in a package. For example, one such package proposal is the giving of corridor rights to Canada through the Alaska panhandle in exchange for an agreement as to sharing of benefits from Yukon power development. If all the elements were collected and assessed by the executive branch in an imaginative manner, other combinations might be deemed feasible ways of breaking existing log jams.

I agree with that, so far as I know anything about the United States approach to those problems, but I would go farther. Why not have all those elements collected and assessed by the two governments in the way that Representative Coffin said is becoming essential in the case of the United States? That means, surely, asking for some kind of formal arrangement—I have spoken about this before in this session—some formal treaty arrangement that laid down principles which would guide the conduct of the governments on both sides of the border.

Mr. Diefenbaker: What about the inflexibility of such a plan? I know the hon. gentleman mentioned this before.

Mr. Pearson: I mentioned it before and, as a matter of fact, the Prime Minister mentioned it. He had something to say about this at page 1550 of *Hansard*. When he spoke on March 3 he had this to say:

> However, we have been speaking of the economic co-operation agreement between Canada and the United States, which is dated October 26, 1950. This document, which all hon. members have,—

This was the document which attempted to prolong the principles of the Hyde Park agreement which governed our relations

during the war when it was not too difficult to work out relationships of that kind. I continue:

> This document, which all hon. members have, sets forth the principles for economic co-operation. The arrangements worked out under the Hyde Park agreement proved so successful that when international conditions again appeared threatening the joint United States-Canada industrial mobilization planning committee was established on April 12, 1949, to make plans in case joint action should again become necessary.

And so on. When we are threatened with some external dangers then we can find ways and means collectively or jointly to deal with those dangers. When that danger disappears we fall back on the old arrangements. Therefore, I suggest that if it was desirable in 1950 to work out a document which laid down certain principles which would govern economic co-operation between the two countries, which was done in a form which was not binding on congress or binding on parliament, and which had no treaty or other legal significance; if it could be done in 1950 in that way, then perhaps the time has come —and I put it no higher than that—to give consideration to the enshrinement of the principle of economic co-operation in a formal treaty arrangement which would be submitted to congress where it could be debated and submitted to parliament where it could be debated. And if the two legislatures agreed we would then have a document which each side could follow in case action was taken by the government of either side which infringed those principles. Perhaps it would be worth while giving consideration to that kind of situation. I think however that we should go farther than that and these are my closing words, I again refer to the speech of Representative Coffin who said:

> Beyond this second level of minimizing the Canadian-United States points of contention or friction, to the benefit of both, there lies the ultimate level of Canadian-United States co-operation in policies and programs devised to sparkplug a free world effort to stabilize commodities—

He is right. This approach to the problem is somewhat different. What he had in mind in this speech was to broaden the basis of continental co-operation not only in defence, which I have spoken about, but in the field of trade and economics; broaden the basis so that it will cover the whole of the Atlantic area. The Prime Minister knows my views on this and I know the difficulties in the way of doing any such thing. I used to go to the Atlantic treaty council meetings every spring and every autumn and we used to talk about this kind of thing and it was extremely difficult to do more than talk about it. But perhaps the time has come when we may have to do more than talk about this interest in the alliance because if something cannot be done to strengthen the non-military basis of the alliance it may fall apart. Indeed, there are some signs of even the military basis of the alliance weakening in the news in the last two or three days. The reason I say this is that there are situations, there are circumstances now which did not exist five years ago and which may perhaps provide more hope, certainly they provide greater opportunity, for progress in this direction than existed a few years ago.

What I am thinking of is the development of the European free trade area, the development of the European common market. Six European countries have now worked out among themselves something that would have been considered absolutely out of the question 15 years ago. If anybody had said that in this or any other legislative chamber before world war II that by 1959 we would have a European economic unit including these European countries it would have been considered as a visionary statement indeed. But we have it now and the other countries of Europe, including Great Britain, are considering whether they can expand this into a European free trade area.

If my hon. friend has been following the debates in the British House of Commons he will know that some very pertinent and significant questions have been asked the government of the United Kingdom as to how they could do this, what would be the effect of joining the European free trade area on commonwealth preferences and all that kind of thing. They are beginning to debate association of the United Kingdom with the European free trade area, and while there is a large gap between debate and action the first steps are being taken. If those steps should lead to a European free trade area with which the North American states, the United States and Canada, have no association at all it will be extremely bad for Canada, both economically and politically, because we will be thrown back on continentalism and we will then learn in a far more vivid way than we know now the effects on our destiny of continental relationships at a time when the Atlantic is split in two between Europe and North America.

Therefore, not only is it of first importance for Canada economically and commercially to do something to widen the basis of freer trade arrangements but perhaps in the long run it is of even greater importance that our political development and political destiny should be brought about not on any continental basis, not even exclusively on a commonwealth basis but by working out in this North Atlantic area closer and closer co-operation with people and countries who think

as we do and who will work with us politically and economically in the face of the menace that confronts us today from countries who do not think like we do.

Mr. Diefenbaker: Before the hon. gentleman goes on, what does he conceive to be the political and economic co-operation that should exist between Canada and these countries of Europe within the free trade area?

Mr. Pearson: I see no reason why we should not now begin, and we would certainly have to try to associate the United States with us, the same kind of consideration in respect of the European free trade area that Great Britain is giving to that area, a consideration of how an association can be brought about which is not based on complete free trade, which does not give up control of separate customs duties but which is based on the development of an area where there will be freer trade between those members than exists at the present time and which perhaps one day will lead to the kind of association you have in a federal state. When I say "one day" I am thinking far into the future. If the Prime Minister thinks this is an imaginative and visionary observation I would ask him and other members of the house whether, in the face of the situation we have in the world today, any other ideal will be enough to safeguard not only our prosperity but also our security.

Therefore, Mr. Speaker, in view of the considerations I have mentioned I move, seconded by the hon. member for Essex East (Mr. Martin):

> That all the words after "that" be deleted and the following substituted therefor:
>
> this house is of the opinion that recent decisions of the United States government, particularly in the field of production and commercial policy, underline the necessity for the government to make more effective arrangements with the United States to prevent the undesirable impact of those decisions on Canada, and the necessity of a more active participation by the government in working out the implications of interdependence and closer unity within the North Atlantic community.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to express briefly the support of this group for the purpose of the amendment. Before proceeding with my few remarks I must say that we are very pleased indeed to see the official opposition now expressing the same concern over United States influence on defence and trade policies in Canada that this group has been expressing for several years. I think I should once again compliment the Leader of the Opposition (Mr. Pearson) for moving in our direction in this important field. It is another indication of the influence that this small group in the house is having on the somewhat larger group to our left. I hope that influence will continue.

We have been very concerned for some years about the impact of United States policies upon Canadian affairs, and this is understandable in view of the greater size of our neighbour to the south. We have been concerned about their influence on external affairs, defence policies, our trade relationships and industry and agriculture in Canada.

To demonstrate the influence that the Americans aim to have on our policies with respect to external affairs I want to use one illustration. We all know that there has been a growing demand in Canada for the recognition of the Peiping government, the mainland government of China. That demand has come not only from the group in this corner of the house but has been made by leading bankers, leading industrialists, particularly in British Columbia, who face the situation realistically, by the Canadian Labour Congress, by the agricultural organizations and by an ever-increasing number of Canadian people who appear to understand the realities of the situation better than the government at the present time. No doubt the growing support in Canada for recognition of the government of the mainland of China is causing some concern to the state department of the United States. I presume that is why Mr. Walter S. Robertson, undersecretary of state for the United States, visited Ottawa a few days ago and addressed a meeting of the Canadian Club in the Chateau Laurier, to which I was very kindly invited. I understand that he also addressed members of the Progressive Conservative association yesterday and is taking every advantage of his time in Canada to influence Canadian public opinion with respect to this important question.

In that connection I want to quote briefly from an article by Charles Lynch which appeared in the Ottawa *Citizen* on Saturday, March 14. The article is headed, "Why U.S. Won't Recognize Peiping." Mr. Lynch was at the dinner held in the Chateau and this is what he has to say in his article:

> One of the most pointed and most important speeches ever made by an official of the United States government in Canada was made here yesterday by Walter S. Robertson, assistant secretary of state for far eastern affairs.
>
> Mr. Robertson is "Mr. China Policy" in the state department.
>
> His speech, before the Canadian club, was as considered and as eloquent a presentation of the U.S. view on communist China as any man could make.

I certainly bear that out because the views of the United States government were very eloquently placed before the meeting by Mr. Robertson.

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The fact that he came to Ottawa to make it is evidence of the concern that is felt in Washington over the trend of Canadian opinion on the Red China question.

A short time ago, the Canadian club heard an eye witness report on communist China by Canadian correspondent Gerald Clark—a hard-hitting, well documented report on the achievements of the Peiping regime.

Mr. Robertson came to present the antidote—not only to the observations of Mr. Clark, but to those of other recent Canadian visitors to mainland China, including James Muir of the Royal Bank of Canada, and Oakley Dalgleish, the publisher of the Toronto *Globe and Mail*. It is also fair to say that he came to address himself to the Canadian government and its policy of increased trade with communist China.

Then, the article goes on to say in conclusion:

Mr. Robertson's words are unlikely to be echoed from any part of the house in the forthcoming commons debate. But they state, more eloquently than any of our own officials would be ready or willing to do, why the U.S. feels as it does about communist China, and why Canadian policy, as a consequence, continues to be one of non-recognition.

They make clear the size of the breach that would be blown in Canadian-American relations by an Ottawa move toward recognition.

As such, the Robertson speech is an essential backdrop against which the commons debate will be conducted.

Now, Mr. Speaker, there is an illustration of the tremendous impact of the government of the United States on this government's foreign policy with respect to the recognition of China. They send Mr. Robertson to Ottawa to address this important meeting and to meet other members of the House of Commons and try to persuade them that United States policy in this respect is correct. However, I am glad to notice, according to this morning's *Globe and Mail*, that the editor of the *Globe and Mail* has not been enamoured of Mr. Robertson's remarks. I should like to quote part of this editorial as an antidote to Mr. Robertson's remarks at this time. I think we must give credit to the editor of the *Globe and Mail* for writing some excellent editorials on foreign policy and other important matters. The final paragraph reads:

Finally, there is Chiang, heading what Mr. Robertson described as "a non-communist Chinese government firmly oriented to the free world". Now, Chiang is certainly non-communist, and he certainly heads a government. But it is not, and has not been for 10 years, a "Chinese" government. It is the government of Formosa, a small island 100 miles off the Chinese coast, which Chiang heads. And he is never going to head anything else. The one and only Chinese government is that at Peking, and neither Chiang nor Mr. Robertson has—if we may coin an expression—a California Republican's chance of overthrowing it.

This is the first thing Canadians must understand in their formulation of an independent, a genuinely Canadian, Far East policy. This is the first point at which Ottawa, as it looks to Asia, must break with Washington. Chiang is nobody, his rump regime on Formosa means nothing. Canada should immediately disown him.

It will be particularly interesting to note what influence the visit of Mr. Walter Robertson has on the government of Canada in the days to come in connection with its policies with respect to the recognition of this government.

Now, then, the second influence, and a major influence, on Canadian affairs with which this group is seriously concerned is the United States government's influence on our defence policy and all the ramifications which flow from that influence. We have had some lengthy debates on this question in recent days, and I am not going to rehash those debates. We do think in this group that that influence has been increasing at a rapid rate since the signing of the NORAD agreement, this unilateral agreement with respect to the defence of the North American continent. The purpose of the agreement, the defence of the continent, is something with which we are heartily in agreement. However, as we said on the occasion of the debate on the agreement, we in this group object to this unilateral approach to defence which places Canada at an increasing disadvantage with respect to the defence policy of the United States and the United States at an increasing advantage.

On that occasion we urged that defence policy should be based, first, on the United Nations, and urged the strengthening of the international police force and the conception that goes behind that international police force. Secondly, we claimed that the defence of the North American continent should be part of the duties of NATO and that NORAD should be an integral part of NATO. In that connection, I want once again to congratulate the leader of the official opposition. I think in recent days, although I have heard him mention it before, he has been coming more and more to the C.C.F. point of view, because during the debate on the NORAD agreement there was not a word from the Liberal benches—

Mr. Martin (Essex East): Oh, yes.

Mr. Pearson: Perhaps the hon. gentleman has forgotten, but I have, from the very beginning, advocated that NORAD should be part of the NATO command.

Mr. Herridge: I sincerely apologize.

Mr. Pearson: Perhaps the hon. member forgets the amendment which he introduced was ruled out of order before anybody had a chance to speak on it.

Mr. Herridge: I apologize if I was incorrect in that statement. I certainly accept the word of the Leader of the Opposition in this

respect. Perhaps I should say that there has been an increasing emphasis then, and that is possibly why I have noticed it in recent days, on this aspect of their policy which we are pleased to see.

I come now in my few brief remarks to the question of agricultural policies and industrial policies. Agricultural policies of the United States, particularly their disposal programs, have had a very serious effect upon the well-being of the farmers of this country, particularly the farmers of western Canada. Possibly if these policies had not been given effect the large delegation that visited Ottawa last week would not have had the same reason to visit Ottawa and would not be suffering the same distress. In any event, I am not going into that because the matter has been dealt with much more effectively than I could do so by the hon. member for Assiniboia (Mr. Argue). Perhaps I am a little premature in that statement. He has a thorough knowledge of the circumstances of the grain producers.

I want to add a few words with respect to the impact on Canadian industry of United States policies, particularly with respect to the control of United States subsidiaries in Canada. This subject has been mentioned in this house on a number of occasions. There was the cancellation of the order for trucks that was given by some representative or agency of the government of Peking; the cancellation of the order for aluminum under the direction of the parent company in the United States; the cancellation of the order for certain rubber products from the Goodyear tire people on instructions of the parent company in the United States. We in this group, Mr. Speaker, think it is an intolerable situation that a company operating in Canada should be subject to control of the laws of the government of the United States. If companies come to this country to operate and to reap their profits we in this group say those companies should be willing to abide by Canadian law and operate first to the advantage of the Canadian people.

In following my argument, I should like to quote briefly from the Gordon commission report. I should say that the Gordon commission discovered the reason for Canadian anxiety about foreign investment, and I quote from page 390 of the final report of the royal commission on Canada's economic prospects as follows:

> At the root of Canadian concern about foreign investment is undoubtedly a basic, traditional sense of insecurity vis-à-vis our friendly, albeit our much larger and more powerful neighbour, the United States. There is concern that as the position of American capital in the dynamic resource and manufacturing sectors becomes ever more dominant, our economy will inevitably become more and more integrated with that of the United States. Behind this is the fear that continuing integration might lead to economic domination by the United States and eventually to the loss of our political independence.

That is what a great number of Canadians fear at this time,

> This fear of domination by the United States affects to some extent the political climate of life in Canada today. Therefore it is a factor which has some bearing upon "the probable economic development of Canada and the problems to which such development appears likely to give rise".

The Gordon commission report notes that many Canadians are worried over the fact that such a large degree of economic decision making is in the hands of non-residents, particularly United States citizens. In that connection the report has this to say at page 389:

> This concern has arisen because of the concentration of foreign ownership in certain industries, because of the fact that most of it is centred in one country, the United States, and because most of it is in the form of equities which, in the ordinary course of events, are never likely to be repatriated.

The next aspect of this problem which is also of great importance is the fact that a very large part of United States equity investment in Canada is in the form of "wholly-owned" subsidiaries and branches of United States parent corporations. This means that although such companies virtually control important sections of the Canadian economy, it is absolutely impossible for Canadians to purchase ownership in them. This situation has been the cause of protest across this country. If a Canadian wishes to buy into Canadian General Motors, for example, he must buy shares in the United States parent corporation. This means that his Canadian investment is in the entire operation of General Motors conducted in the United States and elsewhere as well as in Canada. Thus there is no Canadian investment as such. It is even possible for a Canadian to invest in one of these parent companies and lose on his investment, despite the fact that the Canadian subsidiary may be showing a substantial profit.

I might say that I have had residents in my own constituency write to me in that connection, people who were interested in the lumber industry and in the pulp and paper industry and who wanted to purchase shares in a subsidiary of the Celanese Corporation of America which operates a large forest management operation under licence, partly in my constituency. They were not allowed to do so. They were obliged to buy shares in the parent company. Other residents in my district own shares in a certain relatively small British Columbia lumber company, I think it is Canadian Western. This company has been absorbed by a United

States company. Therefore their shares are included in the shares of the parent company in the United States. The very thing which they thought they were doing, namely investing in a Canadian industry, or the very thing they invested their money for has now changed its complexion.

There may be a conflict of interests, that is to say, the best interests of Canada may not at all be the same as the best interests of shareholders of a foreign parent company controlling the policies of subsidiaries in Canada. To illustrate how a clash of interests may take place, I want to quote again from the Gordon commission report which cites the oil industry as an example:

> —in the oil industry the same large international companies, or their affiliates and subsidiaries, which broadly speaking dominate the producing, refining and marketing sections of the Canadian industry, are the principal suppliers of crude oil to the large market centred in Montreal, and are important suppliers in most areas of the United States. The immediate and continuing interest of the Canadian subsidiaries of these companies, and indeed of Canada, is to find increasing markets for Canadian oil in the United States, or, failing that, perhaps in the Montreal area. Without growing markets a large part of the oil being discovered in western Canada would have to be "shut in" perhaps for some considerable period. The importance and the immediacy of this problem of markets for the oil industry in Canada is clear enough to Canadians. Quite understandably, it may appear somewhat less important and less immediate to those in other countries who control the situation and who have world-wide interests to consider.

I think that is another good illustration of the effect which the policy of parent companies in the United States has on the development of Canadian national resources.

In concluding my brief remarks on this question, I want to suggest that some recommendations made by the Gordon commission could be very well incorporated in legislation and be introduced by this government. The commission recommends that subsidiaries of foreign-owned corporations should be compelled to:

1. Sell an appreciable interest—approximately 25 per cent—in their equity stock to Canadians. In order to ensure that the 25 per cent would not revert to United States ownership, such shares would have to be made transferable only to Canadians or residents of Canada. Another method would be to provide that such shares would lose their voting rights on transfer to non-Canadians.

2. Include on the board of directors a number of independent Canadians.

3. Employ wherever possible a certain number of Canadians in senior management and technical positions.

4. Publish their financial statements, and make full disclosure of their Canadian operations.

[Mr. Herridge.]

Furthermore, we believe that legislation should be enacted to prevent the passing of control or ownership of Canadian banks and insurance companies into foreign hands by providing that shares in such institutions which in the future are acquired by non-residents of Canada be ineligible to vote.

Mr. Browne (St. John's West): Is the hon. gentleman not aware of the fact that last year we passed some legislation to prevent the transfer of insurance companies to the United States?

Mr. Herridge: Yes; I am fully aware of that fact but it does not cover the complete picture as would the recommendations.

We in this group would like to see the government of Canada introduce legislation to implement the remedies suggested in the Gordon commission report. While those recommendations would not meet the situation completely, from our point of view it would at least indicate that this government was taking a step in the direction that it has advocated, and which some of its members have advocated vociferously in this house when in opposition.

I was very much interested in the suggestion made by the leader of the official opposition, namely that consideration might be given, if I understood him correctly, to a trade treaty between the United States and Canada. We in this group think that suggestion merits close consideration. It would provide an opportunity for representatives of this government to go into every aspect of business that arises in the circumstances that we have mentioned and others and would codify in a sense and be a means of reaching an agreement that I think would be the commencement of laying the foundation of much sounder trading relationships in the future.

Once again, Mr. Speaker, I must say that we in this group were pleased to see the leader of the official opposition introduce this subject by his amendment into the house today. It is an important question. It concerns a large number of Canadians. As the result of the introduction of this amendment and any other amendments or subamendments that may be introduced I trust that the government will be influenced to start walking in the direction in which it has urged others to walk in the years passed, namely in the direction of Canada's interests with respect to external affairs, foreign policy, defence policy, agricultural policy and industrial policy.

Mr. A. R. Smith (Calgary South): Mr. Speaker, I do not intend to congratulate the Leader of the Opposition (Mr. Pearson) for the introduction of the amendment, but nevertheless I do welcome the opportunity

to express a few opinions in relation to two aspects of the subject with which the resolution deals. As the Leader of the Opposition mentioned in his initial remarks, this is one of those opportunities when the opposition has the right to criticize the government and government policy; but after listening to him, I rather had the feeling that he really was not very annoyed with us. The very nature of the amendment itself, phrased in such broad generalities, reminded me so much of that old adage which is attributed to people who have been in political office for some time, "We must never build our political fences so high that they cannot adequately be straddled at all times."

I felt this was the nature of the comments which the Leader of the Opposition made, for while in these loose generalities he suggested that we should make some improvements, or some more effective general arrangements—he made a reference to the possibility of establishing a treaty—I think it can be adequately pointed out that the long range program aimed at improving the understanding between our two countries has to a very substantial measure alleviated a situation which certainly could have been considerably worse had some action not been taken. I propose to itemize these aspects in my brief remarks this afternoon.

Every member of this house is naturally concerned with the problem of our relationships with other countries, in particular with the United States. I rather feel, Mr. Speaker, that I have some particular interest in that matter, because in the consular area of my own constituency there are some 46,000 Americans. I think we have set an example to the rest of Canada, and certainly to the rest of the world, of how good neighbours can exist side by side in the working out of many domestic problems and, yes, of many national problems.

Let us look at the history of our problems very briefly. The long standing complaint, of course, by Canadians has been that we for the most part have been ignored by the United States. I suggest that the action of the United States congress in the past year, associated with the economic life of that country, has to a very substantial degree alleviated and reduced, in fact almost eliminated the argument that we have been ignored. There are four very obvious examples of that. First of all, the visit of the President of the United States to this house of parliament. Second, there was the extension of the reciprocal trade act. Third, there was the production of the Hays-Coffin report which has already been referred to; and fourth, there was the acceptance by United States congress of the need of a joint legislative committee between our two countries.

I was not in a position to thoroughly understand whether the Leader of the Opposition approved or disapproved of the establishment of this committee. I think in effect what he did question was its effectiveness. I suggest to you, sir, that the first advantage to be gained from this committee and its appointment has already been accomplished. At long last we have some body which can deal effectively to define the area where our disagreement actually lies. So often we hear individuals on both sides of the border complaining about certain frictions which they insist exist.

Then when you examine them you find that many are actually imaginary. So I believe that the Canada-United States committee has, by its very appointment and through the work it has in front of it, the opportunity to define the area of disagreement, and once that has been accomplished it can bring back its report to the two legislative bodies they respectively represent. There we can see some attempt to reconcile the differences wherever they may exist.

I propose to deal with two of those difficulties. The first, which has been introduced many times into the house since March 10, is the question of the United States imposition of mandatory controls on the importation of Canadian oil. The history of this particular problem is one which has its basis of fact in that area of the United States which in past years had become oil deficient or short of oil is now in a surplus position. Then in June of 1957 we saw the introduction, first, of the voluntary controls which were later amended and made somewhat more severe. Then secondly, and more recently, as a result of the justice department of the United States advising the United States government that mandatory controls were essential because the voluntary controls offended the United States anti trust act, we saw the imposition of controls providing restriction to a greater degree than we have ever experienced before.

I think the first point that should be made, is that these controls were directed against all foreign importers. They were designed primarily against the largest importers of oil into the United States, the Venezuelan and Middle East countries bloc. The President and the United States government have said that they were designed to have least effect on Canada, and I think to a degree it can be said that there is some truth to this in that certain exemptions were made in the marketing area in the United States into which the Saskatchewan crude flows. But no one will

disagree with the argument offered by the Leader of the Opposition that this was indeed a slap in the face to Canada, certainly based on the argument that in the interests of continental defence the United States could not declare our country exempt from the restrictions imposed on the other countries. I suggest that the real basis of the United States action was not the question of continental defence or the maintaining of a healthy petroleum industry, but was rather that the United States government succumbed to the very large and effective oil lobby which exists in Washington.

The problem we have, however—and let us look at the future—is that while Canada, it is true, was unable under certain circumstances to take advantage of the full quotas, it is certainly a wrong impression for anyone to suggest that these quotas were not harmful. Actually the restriction had this effect on us: We found that the market area of the United States was reduced. The net result was that the effect of competition had a very serious effect in particular on the markets which we refer to as district No. 5, the Pacific northwest of the United States, because all other foreign importers began to concentrate on the availability of the quotas open to all countries. In such a circumstance the Canadian found that he could not compete with the low concessional oil which, in many instances, was produced anywhere from 14 cents to 25 cents a barrel, compared with oil in Canada which would average $1 to $1.10 per barrel. So during the past year we as a country, because of the voluntary, now mandatory, restriction, reduced our imports into the United States by better than 40 per cent. Fortunately the domestic demand, particularly in Ontario, maintained a reasonably healthy oil situation, but the industry has been able to produce only about 50 per cent of its capacity compared with the United States average of 75 per cent.

Let us look at the action that has taken place. As I mentioned, these quotas were imposed on all importers. On several occasions Canada made representations to the United States government pointing out that in the interests of continental defence and our general trading relationships we should be declared exempt, first of all because we are separated only by a pipeline and not a waterway. In addition to this the report prepared by Messrs. Hays and Coffin which pointed out there should be no difference between the oil produced in Texas and the oil produced in Alberta in the interests of defence. The many important groups and bodies within the United States in addition to those in Canada that have asked the United States government to give consideration to the Canadian people in this respect have all been ignored. Today we find ourselves in a situation where if the door has not been completely closed to us it has most certainly to a large extent been shut.

We should remember that this restrictive action began as early as May or June of 1957 because of the building up of the surplus supply of oil in the United States that started immediately following the Suez crisis. After representations made to the United States government were turned down Canada was required to develop other markets within its own borders. As I mentioned, Ontario fortunately took up part of the demand. We now find ourselves on the horns of a dilemma. On the one hand we have been told that these quotas are essential in order to maintain a healthy industry in the United States and on the other hand our application for exemption was rejected. We cannot be declared exempt because we lack a continental agreement.

The Leader of the Opposition spoke today of the need to make more effective arrangements on the basis of some treaty. This is by no means a new idea. The greatest obstacle in this proposal would be endeavouring to spell out in an agreement arrangements in relation to an industry such as the oil and gas industry. Let us bear in mind that voluntary oil import quotas represent only one aspect of the problem of this industry and our relationship to the United States in this field. In many instances the United States federal power commission has failed to co-operate with Canadian interests. Licences have been granted to Canadian exporters in the past by the Canadian government; however, if I may use the term, we in Canada have had the short end of the stick in that the federal power commission has failed to act. With respect to this aspect of the problem it is understandable that the Canadian government has adopted a firm attitude prior to granting any export licence for gas and I suggest that now is the time for even firmer action to be taken with respect to oil.

We have seen the building up of reserves of oil in the United States which have prevented our marketing our products in that country. We have seen little likelihood as a result of the presidential statement of any hope for a change in this policy although the press release made a loose reference to future defence arrangements to be worked out between Venezuela, Canada and the United States. If the Canadian government is not in a position to negotiate a general agreement on a top level basis with the two

countries to which I referred surely this government must adopt a policy that will tend to sell more oil to Canadians.

I believe, in other words, we have reached the time when a quota system in Canada should be seriously considered. This is not a means of retaliation; rather, it is merely a matter of adjusting our own economy to make absolutely certain that we provide the required markets for Canadian producers. This is not a criticism of any policy that has been introduced up to this point. There was every reason to follow the policy of retaining the most economic markets in the United States, especially that of district No. 5 in the Pacific northwest. It is wrong for us to endeavour to obtain markets that are many miles distant only if we are unable to work out some arrangement with the United States.

I suggest, therefore, that now is the time to introduce legislation of our own in this field as a protection to Canadians, although this government through no fault of its own, has nevertheless been unsuccessful in persuading the government of the United States to change its policy. It will not be easy to work out arrangements under which the United States market may be retained. We have frequently been told by the United States that if we could satisfy Venezuela in terms of persuading that country that our being exempted from United States restrictions would not affect them we would better be able to negotiate an agreement with the United States. The complications involved in working out any agreement render it a near impossibility. I therefore believe it is time that we developed our own markets and examined how we might introduce policies to adequately deal with the situation.

I wish to speak for a moment about investment capital. The Leader of the Opposition suggested that we should not become completely reliant upon this for the development of our country. This is an obvious statement we all accept. May I urge, however, that in our desire to judge fairly whether or not this capital has been dangerous in terms of its volume putting us in the position of being subject to United States dominance and in generally assessing its effect on the economy, let us not discourage United States capital from coming into Canada. Let us examine the history of what it has produced for us. The oil industry which requires over $1 million a day to operate could never have developed to its present stage without the assistance of United States capital. We do not generate enough capital in Canada to take care of the demands of this industry alone. We could also consider the development of our mining industry and the pulp and paper industry. To a substantial degree these have been assisted by United States investment.

I suggest that we have all the legislation and lawmakers we require to ensure that the rights of Canadians are protected which is of course essential but if we do anything to discourage the flow of United States capital into Canada we will regret it for many years to come, for it will affect the orderly progress and development of our country. We should not forget that we have also attracted European capital to Canada.

I fail to understand those people who on the one hand criticize the advantages to be gained by having United States investment capital in Canada and on the other indicate concern about the lack of progress and development of Canadian industries. I believe it is fair to say that during the past year the oil and gas industry led the boom in this country in its period of prosperity and progress. If we do anything to discourage investment capital it will retard our expansion and reduce the level of prosperity we are enjoying today.

We should bear in mind that this capital is employed in a variety of industries producing new wealth and higher standards of living for Canadians and therefore we cannot be concerned with the nationality of the dollar that serves us so well. Instead we should lay ground rules so the dollar can be employed in Canada's development, and in Canada's interest.

The majority of United States companies in the petroleum industry already recognize the above fact. Many insist on employing Canadian management and staff in their subsidiaries. Many are taking an active part in the community life of Canadian cities and many invite Canadian participation in their new underwritings. Through their affiliates and subsidiaries in the development of the by-products of the industry these companies have generated vast wealth for the benefit of Canadians.

Finally, may I say, Mr. Speaker, to the Leader of the Opposition that when we enter into a debate which on the one hand suggests that the rights and the sovereignty of our country are at stake and in jeopardy we must also assume the responsibility of recognizing that to a very large degree we have obtained the level of development which we have today because of the co-operative attitude we have worked out with the United States. On the other hand, it is not inconsistent to say to the United States, as the Prime Minister (Mr. Diefenbaker) has said on a number of

occasions, that we as Canadians will insist on our rights. We recognize that there are disagreements between us. These, however, are not insurmountable. They may be worked out on a basis of common understanding.

I take pride in the fact that in Canada we have developed a growing nationalism, a nationalism which has for the first time in many years made Canadians realize that we have a common bond—that we are not poor relations in the family of world nations. I think it is a very sound thing that we have developed an appreciation of what we own, and the assets that we have, within our borders. I think however that it would be a sad day if in the building up of any animosities—because to a large degree many are purely imaginary—we were to do anything which would destroy a relationship between our two countries which has been second to none. I suggest that if we did that we would be doing a disservice to the people of Canada.

I suppose it will be said of me, as one who is concerned more than any other in this house with the problems of this one industry, that this is being inconsistent. This is not the case at all, Mr. Speaker. I have stated very clearly that because of the position in which the petroleum industry is now in, a mineral industry which is the No. 1 industry in Canada and so important to the welfare of the entire dominion, it is necessary for us to take our own action in the interest of Canadians. If we do that the United States administration will be the first to appreciate not only our right but the need for such action. Therefore, in speaking to this admendment I suggest that it is very difficult on the one hand to talk about the great concern which we have about the encroachment on our sovereignty and on the other to accept the benefits that we have obtained by the building up of a great nation in this country which to a large degree has resulted from the cooperative attitude which has been taken in that one country of all the countries of the world.

Mr. Hubert Badanai (Fort William): Mr. Speaker, the subject of the discussion is perhaps one which affects the lives of more people than any other topic, which cannot be treated lightly and upon which there should be a broad area of agreement in all parties.

One of the greatest factors in international relations is the problem of mutual understanding between the citizens of neighbouring nations such as Canada and the United States. Happily, there exists a community of interest between those two nations which is rather unique in the world today, a community of interest which provides the greatest opportunity for the exemplification of international understanding and good will. For that understanding to deteriorate would be a sad blow to both countries as well as a sad blow to the other free nations of the world.

One of the world's greatest needs today is understanding and good will in the international field. These two nations, Canada and the United States, are very fortunate to have the opportunity to demonstrate to the world how to get along together even in the face of some conflict of interest. Understanding, friendship and good will must remain as solid as the rock of Gibraltar between those two nations, but unless we work steadily and constructively for this development the rock will give way and misunderstanding will set in. However, in our dealings with our powerful neighbour, while always friendly, we must also be firm whenever our interests are in serious jeopardy, caused by some contemplated action of the United States.

Apart from the delicate relationship of mutual defence and recurring irritations about mutual trade, there is one other very serious problem which concerns my own constituency in a very particular way and it concerns every municipality along the St. Lawrence seaway. I am speaking of the diversion of water from lake Michigan by the city of Chicago which in effect will threaten the water levels of the great lakes, thus affecting navigation along the St. Lawrence seaway and most certainly the new projected seaway terminal at the lakehead. What worries the people of the lakehead and elsewhere is the feeble protest of our government, if it can be called a protest, against this new attempt of water stealing by the city of Chicago.

The supreme court of the United States issued a decree which provided that after December 31, 1958 the diversion of water from lake Michigan through the Chicago canal should be limited to 1,500 cubic feet of water per second. However, the city of Chicago is now trying to increase the diversion permitted by an additional 1,000 cubic feet of water per second. In spite of the fact that a bill to permit this addition was blocked in the United States senate in 1958, the demand by the city of Chicago is on again and with added vigour.

Mr. Martin (Essex East): The bill was passed.

Mr. Badanai: No, the bill is not passed. Only a few days ago the mayor of Chicago made a statement to the effect that the diversion of water from lake Michigan was none of Canada's business. I submit that

this is very much our business and the mayor of Chicago should know better than to make such a statement, unbecoming to the office which he holds; but perhaps it may be that he is preparing himself for an election. As a matter of fact, I understand there is an election going on now in the city of Chicago.

It is generally admitted that the lowering of the levels of lake Huron and lake Erie would handicap the seaway project, which is Canada's business and Fort William and Port Arthur—in fact all of northwestern Ontario—would be directly affected and indirectly even the interests of the prairie provinces would feel the impact by injury to the shipping route.

Today I received a letter from the city clerk of the corporation of the city of Fort William which illustrates the deep concern of our city in this matter of diversion and I now wish to read it to the house:

I am directed to advise you that at a meeting of the council of the corporation of the city of Fort William held on the 10th instant, the following resolution of its finance committee was unanimously adopted, a copy of which I was instructed to forward you for your consideration:

"That whereas the metropolitan sanitary district of greater Chicago in the United States of America is contemplating the further diversion of water from lake Michigan for its sewage disposal systems;

And whereas this diversion of water is detrimental to the harbour development of the city of Fort William;

Be it therefore resolved that representations be made to the federal government to protest the action of the Chicago authority and to halt the unwarranted diversion of water by the metropolitan sanitary district of greater Chicago;

And that a copy of this resolution be forwarded to the Prime Minister of Canada, the Ontario water resources commission of Ontario, and to Mr. H. Badanai, M.P., and to Mr. Clare E. Mapledoram, M.L.A., for Fort William."

The suggestion has also been made that the city of Chicago is interested in the diversion for the purpose of developing hydro power in that area. If that is true, Mr. Speaker, this matter is even more serious than it appeared to be at first. According to the records, when the Prime Minister and his supporters were in opposition they were loud in condemning the Liberal government for not speaking loudly enough to the United States in the protection of Canada's interests. But the question now is, is the government doing anything about them?

What has been the attitude of the government since it came into power with respect to the present water diversion? Some of the answers can be found in *Hansard*. On August 2, 1958, the Secretary of State for External Affairs (Mr. Smith) gave the following answer to a question put to him by the hon. member for Lambton West (Mr. Murphy). I quote from page 3009 of *Hansard*:

Mr. Speaker, I wish to take this opportunity to answer the question which was addressed to me on Wednesday, July 30, by the hon. member for Lambton West dealing with water diversion at Chicago. My answer to his question, which was directed to three main points, is as follows:

1. The position taken by Canada with respect to a proposed additional diversion of 1,000 cubic feet per second from lake Michigan at Chicago is set forth in an aide memoire dated January 6, 1958. As the document is somewhat long, I ask leave to have it printed as an annex to *Hansard*.

2. To the extent that any additional diversion of water may take place at Chicago, the level of the lower lakes and connecting channels will be reduced as far as Montreal, and there will be a corresponding reduction in the availability of water for hydroelectric generation at Niagara, Barnhart and Beauharnois. The effect, however, varies at different places and at different times over a period of years. I should be pleased to arrange for the hon. member to consult tables and graphs in order to determine precisely what effect a particular diversion would have at a specific time in a specific place.

3. Principles applicable to a diversion from lake Michigan would not necessarily apply to boundary waters, as lake Michigan is not a boundary water.

I think I should perhaps read the aide memoire because it is very important to understand exactly what we are talking about. The aide memoire alluded to by the Secretary of State for External Affairs is headed, "Chicago Diversion—Aide Memoire from Canada to United States", and reads as follows:

Useful conversations between United States and Canadian officials were held in Ottawa on July 7, 1957 on the subject of the sanitation problems which gave rise to proposed legislation for a three-year temporary diversion of 1,000 cubic feet of water per second from the great lakes system and on the subject of studies to be carried out under the proposed legislation.

The Canadian government understands that if such legislation is enacted these sanitation studies will not be limited to evaluating the effects of dilution but will also include consideration of all possible measures for dealing with waste disposal facilities at Chicago. Such measures would include:

(a) complete separation of storm sewers from the domestic sewerage system or expansion of the existing treatment facilities to serve a total combined flow;

(b) treatment of organic wastes in industrial plants before discharging these effluents into the sewerage system;

(c) chlorination of effluent before discharge into the Illinois waterway; and

(d) artificial aeration of the waterway.

The treatment of sewage in the Chicago area is, of course, a matter entirely within the jurisdiction of the competent legislative bodies within the United States. It is understood that present treatment of waste represents a vast improvement over conditions which existed in former years and that under the present day uses of the water the waste is more a nuisance than a menace to the public health in the area.

In considering the economics of alternative methods of improved waste disposal, it is assumed that full consideration will be given to the economic harm which may be done to navigation and

hydroelectric generation in both countries by extended use of dilution methods.

It is not possible to give a firm undertaking to provide flows of a particular volume through the existing Longlac and Ogoki diversions to the great lakes basin during the three-year period envisaged by proposed United States legislation. However, if it were possible to offset part of the effects of the Chicago diversion by inflows from the Albany basin in Canada, it would be equitable that an equivalent amount of water should remain available for use in hydroelectric power generation by the Ontario interests at St. Marys falls, Niagara falls and in the international section of the St. Lawrence river until the effects of the proposed temporary diversion will have ceased to be felt in the great lakes system.

All rights under the provisions of the boundary waters treaty of 1909 are specifically reserved.

That is the aide memoire from the Canadian embassy in Washington, dated January 6, 1958. As found on page 620 of *Hansard* for February 3, 1959, the hon. member for Laurier (Mr. Chevrier) asked this question:

Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. I should like to know whether the government has sent a note of protest to the United States government in connections with Bill HR-1 now before congress for the further diversion of water out of the great lakes into the Chicago drainage canal.

The Secretary of State for External Affairs replied:

Mr. Speaker, as I informed the house a few days ago this matter relating to the purport of Bill HR-1 is under consideration. We are considering various representations that have been made by officials and by other organizations. We have not made a protest.

As late as February 12 the Leader of the Opposition (Mr. Pearson) asked the following question, as found at page 946 of *Hansard*:

Has the minister yet sent a protest on behalf of this government to the United States government? If not, does he realize that he has only a week left before the hearings begin in the senate on this matter?

The Secretary of State for External Affairs replied:

As I informed the house on two recent occasions, this matter is under close study by our officials and, as I indicated a moment ago, we are ready and anxious to get information with respect to the discussions. We do realize that the hearings will begin in the near future, but that does not indicate that the bill then will be adopted.

Now, Mr. Speaker, after studying the answers to the questions asked on the subject, one cannot help but come to the conclusion that the indication of softness in the Canadian aide memoire must have created the impression in Washington that all was well and that Chicago could go ahead with its plans for diversion.

At a convention of the lake carriers' association of the United States and the dominion marine association, held in Ottawa last January, a resolution was passed unanimously opposing the diversion of water from the great lakes watershed. I wish to read that resolution:

Whereas, the several states and provinces bordering on the great lakes hold title to those waters under a high public trust to protect and preserve them for the benefit of all their citizens; and

Whereas, by the Boundary Waters Treaty of 1909, the United States and Canada have dedicated the waters of the great lakes to the primary purpose of commerce and navigation to be enjoyed by their citizens, subject only to certain uses by riparian states and provinces not inconsistent with such primary purpose; and

Whereas, by the law common to the United States and Canada any diversion of such waters by any riparian or other user constitutes a wrong against all other riparian owners; and

Whereas, any diversion of water from lake Michigan lowers the natural level of that lake and lakes Huron, Erie, Ontario, their connecting and tributary waters and the St. Lawrence river; directly impairs the natural depth of rivers and harbours, nullifies improvements therein, reduces the carrying capacity of Canadian and the United States great lakes fleets and increases transportation costs, all to the detriment and injury of the people; and

Whereas, the waterborne commerce of the great lakes is indispensable to the growth and well-being of the United States and Canada; and

Whereas, any diversion in one country gives rise to dispute between the people of that country and the people of the other country, which should in the interests of their friendly relations be referred for investigation and recommendation as to solution to some tribunal in which the people of the two countries have equal voice:

Now, therefore, be it resolved that the dominion marine association and lake carriers' association, in joint meeting assembled at Ottawa, Ontario, Canada, this 26th day of January 1959, do hereby express their unalterable opposition to any diversion of water from the great lakes watershed and urge that the Congress of the United States refrain from passing legislation authorizing any diversion of water from the great lakes, which diversion would violate solemn treaty rights and obligations between the two nations and would pillage the natural resources of the great lakes watershed vested by law and by decision of the Supreme Court of the United States in the people of the great lakes basin; and

Be it further resolved that the two associations hereby urge that the United States and Canada refer to the international joint commission all questions concerning the diversion of water from the great lakes for full investigation and recommendation as to solution to the end that all controversies may be laid at rest and the rights of the people of the great lakes watershed be preserved; and

Be it further resolved that a copy of this resolution be furnished to the chief executive of the respective national governments of the two countries and to each governor or prime minister, as the case may be, of states and provinces bordering on the great lakes and St. Lawrence river.

Those people who are saying that there is no cause for alarm should ponder over the meaning of some editorials which appeared in the Chicago *Tribune*, one in February, 1957 and the other in February, 1959. As an

illustration of the seriousness of this matter, I should like to quote from the editorial of February, 1957, which says:

> Twice President Eisenhower has vetoed bills permitting a slight increase in lake diversion at Chicago. In the second veto message last August 9 he said he believed no increase should be granted without negotiation with Canada, and he announced that he had asked the state department to undertake discussions with that country.
>
> We said at the time that such parleys were unnecessary, since neither congress nor the supreme court has recognized that Canada has any legal right to interfere with diversion from lake Michigan. Now it appears that the state department has not bothered itself to carry out the president's directive.
>
> Members of the Canadian parliament who recently sought to get their government's views on the matter were told that no consultation had been requested by the United States. The questioners were referred to the terms of the 1909 boundary waters treaty which says that each government reserves to itself—

Mr. Speaker: I think the hon. member is reading a comment upon what has taken place in the house, which strictly is not in accordance with the practice. As I understand what he is reading, it refers to what has already been done earlier this session.

Mr. Badanai: I am speaking on the contemplated water diversion from the great lakes at Chicago. This has a direct bearing on the relations between Canada and the United States, and that is why I am taking the liberty of reading this portion of the editorial.

> The Canadian government might have added, for further clarification, that the treaty was made when the diversion rate was assumed to be 10,000 cubic feet a second, and the agreement specifically provided that its terms did not apply to "cases already existing", which included the diversion rate at Chicago.
>
> Now the rate is fixed by a supreme court decision at only 1,500 cubic feet a second. The bills vetoed by the president would have increased the rate to 2,500 cubic feet for a three-year experimental period during which army engineers would study the effects.
>
> We have no objections to the failure of the state department to negotiate with Canada. Perhaps the department has at last discovered that the question is one for congress to decide and that Canada's opinion is irrelevant. If so, President Eisenhower ought to be advised by the department. The bill for increased diversion then can be passed promptly by congress and there will be no excuse for another veto.

Then, I should like to quote a few paragraphs from this other editorial which appeared in the same newspaper in February, 1959.

> If Chicago is "stealing" water, it is doing so by order of the United States supreme court and by an act of congress authorizing the diverted water to be used for navigation in the Illinois waterway. The matter of how much water is needed for navigation in the waterway has never been decided, but the supreme court has ruled that congress has the power to fix that amount.
>
> The army engineers say that permanent regulation of the lake levels to prevent the cyclical changes would present no great engineering difficulties. Illinois would be glad to take part in such a program and to pay its share of the cost. The other lake states would do the same, abandoning their false propaganda and mischievous litigation, if they really wished to stabilize lake levels.

That is the end of the quotation from that editorial. The Minister of Northern Affairs and National Resources (Mr. Hamilton) speaking to the Canadian club at Montreal on December 9, 1957, had this to say about our water resources and I shall quote just a few paragraphs:

> The importance of water conservation is growing along with the nation. It must consist of more than a response to immediate emergencies such as floods or water shortages as it has too often been in the past. The conservation of water, as indeed of any natural resource, looks to both the present and the future; it is this characteristic which gives it special significance. In seeing to it that our resources are used wisely and well we recognize that, however important they may be to us today, they have a still greater role to play. Meeting the problems of conserving our water resources is both a challenge and an opportunity measured by the contribution which these resources can make to Canada's future development.

The minister is to be congratulated for pointing out the challenge for the conservation not only of our water resources but also of our rights whenever and wherever they may contested. I respectfully submit that the Secretary of State for External Affairs, for whom I have great respect, or the Prime Minister should give the house a clear statement without any equivocation as to what action the government contemplates taking to safeguard our interest in the great lakes.

Mr. H. F. Jones (Saskatoon): Mr. Speaker, the remarks of the hon. member for Fort William (Mr. Badanai) with regard to the Chicago diversion have already been dealt with in advance by the Secretary of State for External Affairs (Mr. Smith) and I think there is no need to refer to that question at this time. I should like to refer, however, to the remarks of the Leader of the Opposition (Mr. Pearson) which were confused as to the present, bemused as to the future and apparently forgetful of the past. The amendment he moved was in these terms:

> This house is of the opinion that recent decisions of the United States government, particularly in the field of production and commercial policy, underline the necessity for the government to make more effective arrangements with the United States to prevent the undesirable impact of those decisions on Canada, and the necessity of a more active participation by the government in working out the implications of interdependence and closer unity within the North Atlantic community.

We must wonder at once just what he has in mind when he mentions the North Atlantic

community. Is he referring to the nations of the NATO alliance or has he in mind some wider group of nations? Is he referring to that great trading area upon which the nations of the North Atlantic depend for trade but which by no means is restricted solely the nations of the North Atlantic? The trading area of the nations of the North Atlantic goes far beyond that ocean. That area depends for its trade on the Far East and the Middle East as well as other parts of the world. This amendment, I submit, is confused in that particular.

I should like to deal for a moment with the proposal he made as to the future relations between this country and the United States. This proposal is similar to the one he made in the House of Commons on February 26, when, as reported at page 1410 of *Hansard*, he said:

> I have been wondering whether the time has not now come for a top level formal conference between the leaders in Canada and the United States to see if some formal agreement could not be reached and embodied in a formal convention, perhaps for ratification by legislatures—because this would be one way of bringing these matters to the attention of congress as well as parliament—embodying principles that should govern our relations.

On that occasion, when I rose to speak, as reported at page 1435 of *Hansard*, I said:

> The Leader of the Opposition mentioned at some length a suggestion with regard to the formulation of a new group—a formal conference, I believe he called it—to deal with problems relating to the United States.

The Leader of the Opposition rose at that time and said this:

> On a point of order, I wish the hon. member would explain what he means, because I made no such suggestions, nothing remotely approaching it.

By reference to *Hansard* we can see now that is exactly what he was proposing then and that is exactly what he is proposing now.

One of the difficulties raised in connection with this question—which the Leader of the Opposition has raised at this time and which I dealt with on February 26—is the very nature of the difference between our two governments. May I refer for a moment to the terms of the exchange of notes that was made between Canada and the United States on October 26, 1950, a document to which he has referred, which clearly illustrates the limitations of this sort of agreement. The note reads:

> In the interests of mutual security and to assist both governments to discharge their obligations under the United Nations charter and the North Atlantic Treaty, it is believed that this field of common action should be further extended. It is agreed, therefore, that our two governments shall co-operate in all respects practicable, and to the extent of their respective executive powers—

I emphasize that particular point, because of course the executive powers of the government of the United States are different from the powers of the government of Canada. The executive powers of the United States, under their system of government, are restricted. To make such an agreement binding in fact on our two countries the restriction would require, as I said on February 26, a self-denying ordinance on the part of the House of Representatives and the Senate of the United States, denying them the right to deal with these matters of international obligations with which it is at present their right to deal. I am sure they would not accept—and up to the present time they have shown no indication of any desire to accept—any fetters on their rights in this regard. That is why the agreements of the past between Canada and the United States, such as the one I have mentioned here, restrict the agreement to co-operation between the governments in all respects practicable to the extent of their respective executive powers. In my view there is no possibility that we could get the congress of the United States to agree to a set of principles in advance in order to deal with situations which could not be foreseen in advance, and which would restrict the activities and the rights of their legislative bodies.

I mentioned again, when dealing with this proposal previously, that there are already in existence many channels of communication between the United States and Canada, both formal and informal—and they were mentioned today by the Leader of the Opposition—by which the problems of the respective countries can be brought to the attention of the other in order that they may be dealt with in accordance with the legislative practices of the two countries. In regard to this particular problem it seems to me that the introduction of a further group in this connection would have a shackling effect on the relationship between the two countries. In view of the fact that we already have these many existing agencies for conveying international thoughts from Canada to the United States, the introduction of yet another would clog and confuse the present channels of communication. Each of the channels of communication would again have to refer to this document which the Leader of the Opposition (Mr. Pearson) wants to have formulated in order to make sure that their particular proposals fall in line with these principles.

It seems to me that the relations between this country and the United States, two great and expanding nations, cannot be fettered by this means in our future relationship. Surely it is wiser to ensure, as this government has done and as the Leader of the Opposition has acknowledged it has done since it came to

office, that the United States is made aware of the determination of Canada to protect its sovereignty, its economic interests, and to assure in co-operation with the United States the survival of our two countries, as well as the countries of the NATO nations.

The Leader of the Opposition in making his submission dealt at very great length with this proposal of a new treaty between Canada and the United States. He based his remarks—indeed, the phraseology of the resolution supports this—upon the necessity of working out the implications of interdependence and closer unity within the North Atlantic community; at any rate, within a larger field than that of continental interdependence. He stressed that several times in the course of his remarks. I would suggest that the proposal that the Leader of the Opposition made in this regard would work exactly contrary to the expressed intentions of his motion. Surely the implications of such an agreement, if that were possible, would be such as to divide the European nations of NATO from us, and make them suspicious that there was developing such a division between the European and North Atlantic sides. In this regard I would like to refer to his speech of February 26, on page 1411, of *Hansard*, where he dealt with this particular problem. He said:

> If we on this continent do not give some degree of consideration to and take some action about this development which is taking place in Europe—and I have said this a good many times—we will perhaps one of these days be faced with the division of the Atlantic world between the North American and European segments.

He goes on to say, quite rightly:

> No one will gain from any division like that except those who are attempting to destroy the whole Atlantic community.

The very proposal that he has made today would be one which would tend to destroy the unity which there is in the NATO nations, and would divide them. In this regard I would like to refer to the record of what has gone on in this field of interdependence.

I would like to refer to what have been the developments in the years since the war in this portion of the world, which the Leader of the Opposition refers to as the North Atlantic community. In March, 1947, the economic and social council of the United Nations organization established the economic commission for Europe, whose aim was stated as being to initiate and participate in measures for facilitating concerted action for the economic reconstruction of Europe, for raising the level of European economic activity, and for maintaining and strengthening the economic relations of the European countries. Of course, its initial start was not a start which could have a life of great duration because Soviet membership was included in that particular organization. Therefore it was necessary in 1948 to form the organization for European economic co-operation excluding the Soviet states.

Originally the O.E.E.C. aimed at enabling its members to co-operate closely in their economic relations and to formulate and execute a joint European recovery program based on Marshall Aid from the United States. As all hon. members will recall, the accomplishments of this body exceeded the hopes of its founders. Mutual consultation on economic policies among its members increased, and it carried out a program of trade liberalization. It stimulated production in its member countries and developed the European payments union to facilitate payment for articles of European commerce. Side by side with the attempts at economic revival, efforts were made to establish a new pattern of political and military co-operation.

The Dunkirk treaty of 1947, which bound Britain and France to resist any revival of German aggression, made way for the Brussels treaty of economic, social and cultural collaboration and collective self-defence, out of which developed western European union and provided for mutual defensive action by Britain, France and the Benelux countries in the event of an armed attack in Europe. I am going into this history, in order that we in Canada may recall at this time, in view of the comments made by the Leader of the Opposition, the record of the part which Canada took in those events in the past.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Jones: Mr. Speaker, before the six o'clock adjournment I had been dealing with the resolution which is proposed by the Leader of the Opposition and I referred to another proposal he made in his speech which was similar in character to that which he had proposed in this house on February 26 and to which I replied on the same date as reported at page 1435 of *Hansard*.

I also attempted in my earlier remarks to deal with the record that had been established in the field of interdependence arising out of the communist threat in the early postwar days. The purely national response to the threat of aggression in that period gave way after the treaty of Dunkirk of 1947 to the limited regional response of the western European union which in time was largely supplanted by the North Atlantic Treaty Organization with its much wider concept, an organization which in its original form had

been thought of primarily as a military and political alliance embracing the fifteen member nations of NATO: Norway, Denmark, the Benelux countries, West Germany, Portugal, the United Kingdom, France, Italy, Germany and Iceland as well as Canada and the United States and extending as far east as Greece and Turkey.

Since the formation of NATO in April 1949 a number of other organizations have been created which to some extent perhaps have reduced the emphasis which might otherwise have been placed on development through NATO with respect to the ways and means to promote the non-military side of the alliance. There is, for example, the council of Europe which was launched in 1949—the talking shop of Europe as it has been called —an organization which has nevertheless been useful. Its purpose was to encourage social, economic and cultural co-operation among its members. It also had its intentions directed toward the formulation of European as opposed to purely national opinion.

There is the European coal and steel community of 1950, a remarkable and successful adventure in the creation of an organization which in itself has certain sovereign powers and rises in respect of those powers above the national states in whose territory it operates. More recently there has been the European economic community inaugurating a common market for its six member countries and finally the European atomic energy community, EURATOM, which aims to develop nuclear energy for peaceful uses with a view to raising the standards of living of its member states.

Much has been said in the past about the implementation of article 2 of the North Atlantic treaty. I wish to make reference to a statement that appears at page 48 of the report of the Princeton University conference on NATO of June 1957:

> Many specific proposals for expanding NATO's role in the economic sphere have been put forward by both official and private persons. But the facts are that NATO was not designed as an instrument for economic collaboration, and it has not acted as such an institution. The various suggestions that it do so have virtually come to naught.

In view of the existence of other organizations for economic co-operation the communique of the heads of government meeting in Paris in December of 1957 put its stand in these words:

> We will accordingly lend encouragement to a successful development of the European economic committee and of a European free trade area.

I may say that apart from the purely military aspects of economic co-operation the emphasis has been to give importance to those initiatives in such a way as to—and again I refer to the text of the communique:

> —strengthen not only the participating countries, but also the relations within the Atlantic community and the free world as a whole.

In fact, clause 34 of that communique outlined what may be expected in the thinking of that time when it described the most that NATO can and should do in these words:

> —without duplicating the work of other agencies, it should review from time to time economic trends and assess economic progress and make suggestions for improvement either through existing organizations, by the efforts of individual countries or in special cases by new initiatives.

I would recall to hon. members that last November the secretary general, Mr. Spaak, in addressing the NATO parliamentarians conference said:

> A more competent body than NATO is necessary to face the Russian challenge for world domination in the political and economic fields.

He went on to say that at present the western nations:

> —lack a body which would consider all economic angles, as the Russians are able to do. As a matter of fact—

He said,

> —I do not even think that NATO should be this body for the needs in this sphere exceed the limits of our Atlantic alliance.

Mr. Spaak also said in a more general way:

> NATO is no longer the perfect answer to the problem of communist expansion which it was when it came into being. The communist menace has now become more African and Asian than European, more economic than social and military.

Although we may not agree with Mr. Spaak's general interpretation of the situation, particularly in view of the present situation in Berlin where in fact military pressure is being threatened, nevertheless something of what he said points up a problem for Canada. Outside NATO the majority of the existing international organizations I have mentioned either attempt to deal with economic matters on a universal or worldwide scale or on the other hand are basically European rather than Atlantic and hence exclude Canada in the nature of their organization. The inverted protectionism of the common market excludes this country.

The O.E.E.C. excludes this country. All these organizations or proposals for organizations of European rather than Atlantic nature may assist in the recovery of Europe and for this we must be thankful. Those organizations were created or were in the process of being created at a time when the Leader of the Opposition was in the government of this country and when Canada's bargaining power in economic matters was never higher but still we were excluded.

Those were the days when the European nations were struggling to recover from the ravages of war and when for their very survival they depended upon Marshall aid, which was supplied by the United States. Never was there a time in the history of this country when Canada was in a better position to insist on interdependence than in those days. But now the Leader of the Opposition comes along and complains that this government should have been more active in working out the implications of interdependence and closer unity within the north Atlantic communities.

Those days I have mentioned, Mr. Speaker, were the days when he was in power, and it was at that time that those matters should have received his attention. Those days were different from the present, when the situation in the European countries has improved as a result of Marshall aid to the point where they have been restored in large part to the position they occupied before the war. Therefore, they are reasserting their independence in those matters. How much better would it have been if during those years when the Leader of the Opposition was a member of government, and at a time when Canada's bargaining position was never better in this field because of the economic weaknesses in the European countries which was brought about by the war, he had pushed the view then that he condemns the government for not pushing at this time?

The implications of western European economic integration are an aspect of this matter which I think deserve the consideration of this house. The two treaties of Rome, establishing respectively the European economic community and the European atomic energy community, were signed on March 25, 1957 by France, Germany, Italy, Belgium, Luxembourg and The Netherlands. They came into effect on January 1, 1958 and on January 1, of this year. The six signatories of the European economic community treaty put into effect among themselves a 10 per cent cut in tariffs and started to dismantle their remaining quantitative import restrictions.

These are the first steps which they took toward full customs union which it is proposed to establish in the course of a 12 to 15 year transitional period. At the end of that time, the six countries will thus form a free-trading area surrounded by a common external tariff and will also have undertaken a large degree of co-ordination of their commercial, social and financial policies, including the establishment of a European investment bank. Certain overseas territories of the member countries are associated with the community and will receive the benefits of the trade liberalization put into effect by the six countries without being called upon fully to reciprocate.

The other countries of western Europe have been apprehensive, as we in Canada have been apprehensive, lest the economic integration upon which the six have embarked create a grave economic and political division. Led by the United Kingdom, the remaining 11 members of the organization for European economic co-operation have accordingly striven for almost two years to negotiate some form of multilateral association with the six which would create a free-trading area among all 17 countries but which would leave each participant free to maintain its individual external tariff, and would stop short of the degree of integration aimed at by the European economic community. The efforts to reach agreement on the United Kingdom free-trade area proposals broke down in November, 1958. The commission of the European economic community is shortly, I understand, to produce a report suggesting how a multilateral association of the six and the 11 might be developed. In the meantime the United Kingdom and France are engaged in bilateral negotiations which may possibly provide a formula which could be used as a basis for a series of other bilateral arrangements intended to prevent the development of a discriminatory trading situation between those six on the one hand and the remaining members of the organization for European economic co-operation on the other.

The movement for European economic integration among the six at least has rested on the hope that by creating an economic unit comparable in size and resources with the United States they would be able to build up their economic efficiency and strength and by so doing would lay a foundation for an ultimate political integration. The free trade area countries, not being prepared to accept the long term political goal, have tended for their part to stress the disruptive effect which the emergence of an exclusive trading bloc in Europe might have on existing political co-operation. The same consideration would apply to co-operation within NATO, and for this reason it is of the utmost importance that any new economic relationships established in Europe, whether among six, or in the wider grouping of a free trade area, should be forward-looking and outward-looking and should not tend to create a regional and restrictive trading bloc.

In speaking in the budget debate on June 17, 1958, the Minister of Finance (Mr. Fleming) has this to say:

> The Canadian government is following with sympathy and interest these European efforts to

integrate their economies and to develop a broader and more competitive system of production ... We attach high importance to the economic and political strength of western Europe as a safeguard of world peace and prosperity. Europe, however, has extensive trade and economic links with the rest of the world. In our view it is vital that efforts to solve European regional problems should not weaken these wider connections.

This, Mr. Speaker, is the situation as I see it at the present time. The Leader of the Opposition, in his amendment, when viewed in the light of his speech, is contradictory, confused and completely woolly. On the one hand he advocates the taking of certain steps by Canada and the United States with regard to the relationship between our two countries which would tend to create on this side of the water an economic bloc, which would be divisive in so far as our NATO alliance is concerned. It completely fails to deal with the serious situation in which Canada finds herself as a result of the events of the years since the war for Canada, in her progress in those years, has found herself excluded from various organizations which have been formed in Europe. Admirable as they are in the purposes for which they were originally formed, namely to assist in the economic recovery of Europe, they do in fact not take account of Canada's vital interest in maintaining her trading relations with Europe.

After all these years, Mr. Speaker, the Leader of the Opposition comes along with the amendment he has moved today, apparently in repentance for the past but with hope for the future. But in view of the woolly speech he made this afternoon in relation to the amendment before us I think it must be apparent to all members of the house that the ineffective suggestion he made can only have been made on the basis that the opposition can find so few thing about which to criticize the government that they have to fall back on this completely inadequate suggestion to bring before the house at this time. Repeatedly they have charged us with following courses that they thought were defective and have urged that the business of the house should be adjourned to discuss these various matters. But when they have an opportunity for a full debate, for full criticism of any of the government's policies, they bring forward this dismal production today and, as I said before, all members of the house can only be heartened by the effort they have made in that it is an assurance that there must be so little with respect to which they can criticize the present government.

Hon. Paul Martin (Essex East): Mr. Speaker, the amendment before the house is in terms which I think justify repetition at this time after the beginning of the evening sitting. It is in these words:

This house is of the opinion that recent decisions of the United States government, particularly in the field of production and commercial policy, underline the necessity for the government to make more effective arrangements with the United States to prevent the undesirable impact of those decisions on Canada, and the necessity of a more active participation by the government in working out the implications of interdependence and closer unity within the North Atlantic community.

I regret that the hon. member who has just taken his seat should seemingly have misinterpreted the motive behind the action taken in the opening speech made by the Leader of the Opposition (Mr. Pearson) which was intended to provide the house with the opportunity of discussing the important relations that prevail between our country and the United States, one of the most powerful, if not militarily and economically the most powerful country in the world today. The utterances of the Leader of the Opposition were, I think, couched in language which, while on occasion involving criticism of the administration in some particulars, was generally aimed, as the reactions of the Prime Minister (Mr. Diefenbaker) indicated, at the elucidation of a problem which increasingly is engaging the attention of serious-minded Canadians. As the Leader of the Opposition said, while all of our relations with friendly and not so friendly countries are important, it may be that in the complexity of modern life, both in terms of continental and other relationships, no bilateral relationship is as important as our relationship to the United States, both because of the fact that that country means a great deal to us in terms of our economic welfare and also because, through her position in world affairs, she is such a determinant factor in the easing of tension between nations and in the preservation of peace.

Therefore it is of the greatest importance that we should take advantage of opportunities such as this to assess the character of some of our problems as a result of our proximity to the United States, our association with her and our respective national ambitions and aspirations. Canadian-American relations have taken on an evolutionary form particularly in the last decade. For a long time we on both sides of the border referred with satisfaction to the fact that Canada and the United States in the Rush-Bagot treaty had developed possibly the first successful disarmament covenant among the nations. For a long time we have referred to the existence of the international joint commission as an

exemplar of our instrumentality in preserving peace between two nations and providing a method for adjudication of their differences and conflicts.

Then too, we have often mentioned the importance of the Ogdensburg discussions between the president of the United States and the prime minister of Canada during the days of the second world war and the Hyde Park agreement that had such significance in smoothing our common participation for the preservation of freedom and the resulting establishment as a result of the informal discussions between the president and our prime minister of the permanent board on defence, an organization which, having no more than the power of recommendation, nevertheless did lay down in the early stages of the postwar period the continental defence arrangements that have now taken on a more mature character.

Since that time, as a result of meetings between the presidents and the prime ministers, further instruments for joint collaboration and consideration have been created such as the ministerial committee dealing with economic affairs, the defence committee of interested ministers from the two governments and now finally, as a result of the last visit of the President of the United States and his conversations with the Prime Minister of today and his colleagues, the decision to set up, in collaboration with Your Honour and His Honour in the other place and opposite numbers in the congress of the United States, a congressional and parliamentary group which is intended to provide a further opportunity of informing both our legislative bodies about problems that are regarded as having mutual interest and concern. I think we must observe that these various instruments that have been created for these purposes can, if fully employed, render very satisfactory and useful service to the relations which we hope and believe and know will prevail notwithstanding all the difficulties between our two countries.

But I must say that I am sure hon. gentlemen sitting in the ministerial benches will concur that we do not altogether feel too happy about some of the meetings of the joint ministerial groups. The last meeting perhaps is the best example of some of the weaknesses in this particular arrangement. I note that the Minister of Finance (Mr. Fleming) has said it is hoped that on some occasion within the very near future this ministerial group will meet again, but quite obviously from the long communique that followed its deliberations a few months ago that medium, not without its value, did not come up to expectations which hon. gentlemen on all sides had for it.

We may expect that with frankness and proper direction, both from the government side and this side of representatives from this house and from the other place, the representatives who sit on the joint parliamentary-congressional committee will be able to render valuable service, particularly to the people of the United States in indicating to them how Canadians feel about some of their domestic policies and the implications of some of their international policies, particularly the consequences of their natural supremacy in the matter of intercontinental defence.

We must, of course, pay our tribute to two distinguished members of the house of representatives who have projected our concern and our irritation in a very courageous manner. I refer to Mr. Brooks Hays, former representative from Arkansas, and Mr. Frank Coffin, from Maine. To these men, we must express the gratitude of this house and the people of Canada for bringing our problems to the attention of their colleagues, and we would hope to the people of the United States, what Canadians, regardless of party, feel about some of the commercial and economic policies pursued by the government of the United States which seriously affect the economic welfare of Canada, as we were reminded today by the hon. member for Calgary South (Mr. Smith).

It is with interest that I note from this report to which I have just made reference that until the middle of 1957 the main Canada-United States trade problem was the United States surplus disposal program on agricultural products which received its main impetus in 1954. I note that in commenting on some of the conclusions it is suggested by the Canadian-United States committee in a recent study that in the crop years 1954-55 over 40 per cent of the United States exports of agricultural commodities were aided under various governmental programs. With respect to wheat and wheat flour, virtually all such exports were subsidized and about one half moved under the stimulus of special disposal arrangements and the other half under the normal subsidies resulting from sales by the C.C.C. at prices below world levels. In so far as feed grains are concerned, oats, barley and corn, some 20 per cent of the total exports were disposed of under the special program and of the remainder some were sold under the C.C.C. subsidy and the rest through ordinary commercial channels.

Now, the important matter that I wish to bring to the attention of the administration is that a new development has taken place in our commercial relations with the United States since the middle of 1957 when the

basic provision of the United States disposal program was not changed substantially. It is true also that direct consultations regarding the wheat disposal had developed since that time, but nevertheless, in addition to the agricultural difficulties, we have had the introduction as a result of United States government policy of certain abridgements of Canadian imports which extend particularly to our mineral resources, notably oil, lead, zinc, aluminum and possibly copper.

These policies have been extended to the extent that they interfere with the trade policies of Canada with regard to certain corporations doing business with particular countries in particular parts of the world. The United States government has likewise resorted to extraterritorial legislation which affects Canadian corporations subject to Canadian law, and which apply to residents and to corporations domiciled in Canada. These are matters that represent a very considerable extension of the area that concerns the Canadian people in their relations with the United States.

Latterly we have had, as the hon. member for Calgary South mentioned earlier, the imposition of mandatory curbs on oil which have created, to use his own language, a very serious problem with a semblance of much permanence attached to it. It was serious, as he himself stated, a year ago when the curbs were of a voluntary character, but now the United States government on the congressional level and on the level of the highest executive of the United States, the President, has decided to impose mandatory curbs on Canadian oil imports. There are some Canadians who have regarded this decision as a blessing which will enable them, according to plans which they properly have in mind, to find a wider market in Canada for much of the products of the oil industry in western Canada.

But generally speaking, this mandatory curb cannot but be regarded, as the hon. member for Calgary South regarded it, as a matter of the greatest concern to all in Canada. I wonder now if this is not the legitimate place to register some complaint about the way in which the Canadian government registered its protest against this decision, first in the recommendation stage by a congressional committee and later the decision made by the President of the United States. It will be recalled that the Secretary of State for External Affairs (Mr. Smith) told the house that he had caused a note of protest to be sent to the secretary of state for foreign affairs of the United States. This was on February 19. After that note had been dispatched, the President of the United States asked for an extension of time after February 28 in order to enable him to give further consideration as to whether or not the recommendation should receive the presidential veto.

It was at that point that we on this side of the house suggested to the Secretary of State for External Affairs that, notwithstanding the discussions in the ministerial committee last January, and notwithstanding the protest of February 19, consideration should be given by him, on behalf of the government, to direct representations to the White House. While one does not want to be unfair to the Secretary of State for External Affairs, *Hansard* does record he did reply, in answer to that suggestion, that he was not familiar with the communications to the White House. He may be able to offer—as I am sure he can—an explanation of what he meant when he made that reply. But those are the words he used.

Then a suggestion was made directly to the Prime Minister who was asked whether, as this was a matter involving action of the highest authority in the United States, he did not think that he himself should make direct representations to the President of the United States? The replies made in answer to those questions are on *Hansard*. The Prime Minister replied by saying that he had discussed this matter at various times with the President of the United States and had discussed it on the occasion of the President's visit to Ottawa last summer. But those replies were certainly not answers to the interrogations put from this side of the house. The question was whether the Prime Minister did not think that at this stage, before the expiry date of March 10, he should direct, in whatever form he wished, an expression of hope and protest, in terms of the greatest urgency, to the President of the United States himself.

I am sure the Prime Minister will find that there are precedents in Canada-United States relations when the head of the government of Canada has made telephonic representations to the President of the United States in respect of matters which were of the greatest concern to Canadians. It is true that the Prime Minister said that these were matters which were continually engaging the attention of the government. But the decision has been taken and the effectiveness of representations made by the head of the government of Canada to the President of the United States after the event are not—as the hon. member for Calgary South indicated in his language, referring to the matter of mandatory controls —likely to be very effective and certainly not as effective as they would have been if the Prime Minister of this country, before the 10th

day of March had indicated—as his predecessor did at least on two occasions—what an act of this sort would mean to Canada.

Mr. Smith (Calgary South): I wonder if I might ask the hon. member a question?

Mr. Martin (Essex East): Yes.

Mr. Smith (Calgary South): I wonder whether the hon. member is aware of the fact that the voluntary controls introduced in June, 1957 were actually prescribed or arranged for during the period of the Liberal administration of which he was a member? Can he tell us whether or not he or his government was in any way successful in seeing that any negotiations prevented the voluntary controls which led to the mandatory controls?

Mr. Martin (Essex East): I can tell my hon. friend that when that was done and before, and on another occasion, the prime minister of Canada of that day let the President of the United States know what he felt about the possibility of these things happening.

Mr. Smith (Calgary South): And the results?

Mr. Martin (Essex East): The results speak for themselves.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): The fact is that they were voluntary. I will tell my hon. friend who is very much interested in this matter that in 1956, if it had not been for the representations strongly made at the highest level in Canada, instead of voluntary curbs coming into being when they did, they would have come much earlier. Whether or not that is the case, my hon. friend who represents—

Mr. Fisher: The oil lobby.

Mr. Martin (Essex East): I do not think that is a fair observation.

Mr. Harkness: It is the usual C.C.F. observation.

Mr. Martin (Essex East): My hon. friend who represents a constituency which is vitally concerned in this matter should join with me in saying that from February 19 there was no protest made by the government of Canada to the United States government and there was no protest made whatsoever by the Prime Minister from the date—it was a Saturday morning—when the President announced that he had asked for an extension of time up until March 10. I would have thought that my hon. friend who is generally very alert would have been on the doorstep of the Prime Minister saying, "Contact the President at once; at least try and see if we cannot do something to avoid the mischief of this particular act".

Mr. Smith (Calgary South): Mr. Speaker, I know that the hon. member would like to be accurate. Unfortunately he missed a meeting of the committee on external affairs in which it was indicated that representations were made, and that is as recent as today.

Mr. Martin (Essex East): My hon. friend now says that representations were made. As of what date were they made?

Mr. Smith (Calgary South): This was prior to and during the period of discussions when the extension of mandatory controls was made.

Mr. Martin (Essex East): I put this question to the hon. member. Why did the Prime Minister say that representations had been made last summer?

I want to point out to the house, Mr. Speaker, that I believe that the developing problems in our country in connection with the United States are now such that the Prime Minister ought to give consideration to meeting with the President. It will be recalled that the President came to Canada last summer. He spoke in this house. We all recall that the reactions to his speech were not particularly acceptable to hon. gentlemen opposite. Nevertheless, the fact is that the President did come to Canada. I am sure that both the President and the Prime Minister and the latter's colleagues profited greatly from their discussions with the President and with Mr. Dulles, the secretary of state for foreign affairs. But in view of the developing problems that are seemingly accruing now between our two countries on the economic front, and particularly in the matter of continental defence and defence purchases and their implications on our economic life, I wonder whether the Prime Minister will not give consideration to meeting the President at the earliest possible moment.

This is a matter in which Canadians generally are interested. It is not only the matter of the disposal of surplus commodities; it is not only the matter of embargo on our mineral deposits and the curbing of oil imports, there are gathering situations now which particularly arise as the result of the cancellation of the Arrow which placed us in a measure of increasing dependence on the productive capacity of the United States and on its defence arrangements.

Such a meeting could usefully take into account some of the recommendations, for instance, on the economic front made by the Hays and Coffin report. I refer to page 28 of the second part of the report where with regard to the matter of the problem of

surplus disposal of wheat, no less than five different proposals are made which might mitigate the severity of this problem in so far as Canada is concerned. Those proposals are worth studying. Undoubtedly the Minister of Agriculture (Mr. Harkness) knows of them. Undoubtedly he is giving them his serious study. I should like to think that the Prime Minister, with his prairie background and interest in this problem, would find this an additional reason for meeting with the President at this time.

I make that suggestion in the light particularly of the recommendations made by the Leader of the Opposition this afternoon when he included among our concerns the situation with regard to uranium production in Canada. I do not know whether or not I am accurate, but I saw a press report about five weeks ago to the effect that the Minister of Trade and Commerce (Mr. Churchill) had received a delegation of uranium producers; and the report suggested that there was going to be some confrontation of this problem by the minister or by someone on his behalf. In view of the great stake that Canada has in uranium production and in view of the fact that our initiative and our resources went into this particular form of endeavour at a time when it meant so much in the prosecution of the war, we have, at least morally, a strong bargaining position which I know the Minister of Trade and Commerce will want to have placed before the authorities of the United States at the earliest possible moment so that we can await the reaction of that country to the events that will ensue in 1962 or 1963. In any event those are matters, together with the other matters which concern us, which warrant a meeting with the President of the United States.

I am sure that the house is not fully satisfied with the visit of the Minister of Justice (Mr. Fulton) in the matter of the application of extraterritorial powers by the government of the United States. All that the Minister of Justice was able to get from his opposite number in the United States was an assurance of consultation. There was no guarantee that such an infringement of our sovereignty would not occur again. I think that the Leader of the Opposition has proposed the only effective way to deal with that particular situation, and that is to embody in the form of solemn treaty the commitments in that and in other matters which the two governments are prepared to accept.

There is one other matter which I think, in a discussion of Canadian-United States relations, we cannot but carefully note at this time. I say this not without a full appreciation that when we were in power the United States was able to acquire certain rights in Canada in the common interest, such as the D.E.W. line, the various preventative measures taken in that regard, the installation of radar and so on. All of those matters would be regarded in one sense as a violation of the principle of sovereignty. I think we have reached a stage in our relations with the United States when we have to think of the implications of our dependence upon that country for our security, and upon that country as the initiator of so much of what flows by way of economic buoyancy through defence contracts and the like.

When in 1948 the United States and Canada agreed to join the North Atlantic Treaty Organization and place themselves under the command of one responsible to a group of nations—the NATO commander—that was, on the part of the United States, a transfer of sovereignty. It was also a transfer of sovereignty on our part when we and they joined the United Nations. This country and all the members in that body, in the interests of the preservation of peace, transferred some of their sovereignty. That kind of transfer in our interdependent world is inevitable, and it is certainly desirable.

The Prime Minister of Great Britain will be here on Wednesday. When he was here last his theme was interdependence. He told us in this parliament that today all of the nations of the world were interdependent one of another. That did not mean that they were all equally involved in the mischief of war, but it did mean that in their common interest they had to pool their responsibilities, as well as the advantages which flowed from the international community. The Prime Minister of Great Britain will be here again, and this visit will give us the opportunity of once again emphasizing the significance and implication of his concept of interdependence.

So that when we joined NATO, and the United States and ourselves and other countries joined the United Nations, we recognized the force of interdependence in the world in which we live. But now we have to realize in Canada that the situation which confronted the European powers in 1948 in terms of contributions made by Canada and the United States now confronts Canada and the United States on the North American continent. Whatever power France or Great Britain has transferred to NATO has been transferred to a collective group of nations.

In the matter of our continental defence the transfer of sovereignty now from Canada to the United States is not to a collectivity; it is not to a grouping of nations; it is a transfer to one single power. We are now increasing our dependence on that power, and while we enjoy with that country the

greatest possible friendship, while we share together common objectives, each of us—they in the United States and we in Canada—is anxious to go our separate national way, pursuing our own national aspirations and integrities, wanting to see nothing happen which will violate the independent position of each nation.

It is all very well to assume that because of current friendship nothing but the continuation of that collaboration will eventuate in the long future, but some Canadians have doubts on that score. Mr. Speaker, this middle power country of ours has been able during the past decade to make contributions in the field of foreign policy. Because of our association with the United States, because of our membership in the commonwealth, because of our friendship with Ceylon, India and Pakistan, the newer members of the commonwealth, and because of the fact that we have had a short history and on that account have not been able to antagonize other peoples, we have special opportunity in the field of international mediation which on occasion we have exercised with great and telling consequence.

I think that is important to preserve, and while this does not confront us immediately, one can envisage how growing dependence on one single power in a military way would destroy our freedom of exercise in the particular to which I have addressed myself in these last few minutes. So I think that in no way, as we argued a year ago, should the organization or arrangement involving continental defence known as NORAD be unequivocally made responsible in so far as Canada is concerned, and so far as Canadian forces in the United States are concerned, to the President of the United States, but rather to the NATO commander himself. In other words, we would be transferring in that particular our sovereign interests, as European nations have done and as we have done along with the United States in Europe, to the person directed by the group of nations constituted by the North Atlantic Treaty Organization, in that way we would preserve not only psychologically, but I believe in fact, all of the advantages and safeguards that come from a real pooling and sharing of duties and privileges.

I know this is not an easy matter. The very fact that we recognize the difficulties, however, should not stand in the way of our emphasizing and re-emphasizing the importance of this position, not only because of ourselves and because of our relations with the United States, but because of our relations with other partners in the North Atlantic treaty alliance. Toward that end is it unreasonable to suggest that several steps should now be taken to make sure that satisfactory development and production-sharing arrangements will be made along the lines of genuine interdependence? Not only should the commander of NORAD be made responsible to the NATO commander. That would not in any way diminish the authority of General Partridge. His capacity under the exigencies of his command could still be the same as they are now, but the lines of authority could be postulated by the NATO council and General Norstad, the general in charge of NATO, rather than by a military commander or the head of a single government. That is my point.

Mr. Churchill: Mr. Speaker, may I ask the hon. gentleman a question. If an attack were made on the North American continent would the hon. gentleman suggest that communications should be commenced with the commander of NATO forces of Europe before action were taken here?

Mr. Martin (Essex East): Mr. Speaker, I thought I just dealt with that point. I am glad my hon. friend asked that question because apparently I did not make myself clear. In reply I would say no. Obviously whoever is in charge of SAC or NATO must be able to act with expedition. What I am saying is that the authority he now has from the President of the United States and from the government of Canada to act quickly without hesitation can be given to him by the NATO council just as well as by the President of the United States. I quite agree that there must be no impairment of the efficiency of his operation but it is important that the chain of authority be established in such a manner as to diminish the dependence of one country on another and to extend that dependence not to a dependence on one power but to dependence on the group, namely NATO itself.

In fulfillment of these needs, having talked about continental defence, may I say a word about production-sharing arrangements. It would seem that we should see to it that free trade should be established as soon as possible between NATO countries with respect to defence production. If we are going to recognize interdependence effectively in this field surely we will have to abolish measures such as tariffs and all other obstacles to a free and easy movement of defence products within the NATO alliance. Second, sharing arrangements should not be restricted to the possible participation by one country in another's defence production program. It must involve the assignment by

the whole alliance of specific defence production schedules to individual countries so that those countries can really specialize in those fields and be sure to have sufficient opportunity to develop manufacturing facilities under optimum conditions of efficiency without fear that other countries will enter into those production fields.

Finally, we must ensure that specific programs assigned to a given country will be carried out effectively so that other countries could safely rely on the quality of the work being done by that country. Arrangements should be made to staff the development teams with the most qualified personnel available for that purpose in NATO and to provide continuing information to and consultation with all other interested countries of the alliance.

Those are general directions which I know it is not humanly possible to bring about immediately. It seems to me, however, that Canadian thinking at this moment is directed along these lines. This kind of thinking in no way involves our friendship and collaboration with the United States. Indeed, the fact that it is possible in this free parliament to discuss these matters as we are doing with respect to our relations with our great neighbour is the best demonstration of the fact that we do get along and will get along with that great and important country. Only friends can talk in the friendly spirit we do about one another and about our problems.

In resuming my seat I can only say that as our country grows and develops in the complexities of modern international society with the tremendous obligations that are now imposed on us because of the fact that we are the closest neighbour of this powerful nation with whom we have these common objectives we are not relieved in this house of the responsibility for thinking of methods by which we may contribute to peace in our time simultaneously giving thought and consideration to the problems that vitally affect the future integrity, character and the maintenance of the national purposes and character of this nation, Canada.

Mr. Erik Nielsen (Yukon): Mr. Speaker, in my remarks I plan to approach the subject from a somewhat different approach from those taken by other hon. members who have spoken in the debate thus far. I should like to discuss briefly the importance of United States leadership and in relation thereto the vital importance of the Canadian partnership in the roles the two nations are playing in containing the encroachment of communism across the world. I should also like to discuss my views on the battlefield, namely increased production in our country and the effect this has on our trade relations with United States.

[Mr. Martin (Essex East).]

Before doing so, however, I should like to say I do not share the pessimism my hon. friend, the hon. member for Essex East (Mr. Martin), seems to have with regard to the success of the United States-Canada parliamentary group nor the pessimism that seemed to be implicit in the remarks of the Leader of the Opposition (Mr. Pearson) in presenting the amendment. I believe that this group got off to a good start and that it will not develop into a social organization or one that does not devote its time to the vexing and pressing problems that exist between our two nations today. This group will work because there are in it hon. members from all sides of the house who intend to see that it does.

Before embarking on my general theme I should like to state my basic agreement with the Leader of the Opposition when he said there can be no disagreement with the assertion that our relations with the United States today are the most important single item of our foreign policy. This I believe. Fostering the growth of the economic strength of Canada and of the north American continent as a whole is vital to us if our way of life is to be preserved and if we are to constitute any sort of defence at all to military aggression, ideological aggression or to commercial aggression which as our Prime Minister (Mr. Diefenbaker) has pointed out on so many occasions in the past is becoming a very real threat. I believe this is the challenge before the free nations of the world today.

Reference to the free nations brings me to the criticism I have of the amendment proposed by the Leader of the Opposition. Apart from its general circumlocution and vagueness it is restrictive to the extent that it concludes with words to the effect that we should endeavour to work out the implications of interdependence and closer unity within the North Atlantic community. The threat that is posed today by the communist economic policies to which I will refer later is not confined to the North Atlantic community. It is a very real threat aimed at the whole of the free world. I wish to make one further point before continuing. I do not feel you can isolate political policy, economic policy and military policy. You cannot sit down at a bargaining table and workout an economic policy completely forgetting about a military need or a political necessity. All these factors constitute that fabric which will contain the threat of communist aggression in whatever form it appears.

The United States has quite properly assumed political leadership in the free world today. Because of its economic position it must likewise assume in a more active fashion —and in my humble belief a more responsible fashion—economic leadership and military leadership. I think there can be no argument in this regard. With all due respect to the remarks of the hon. member for Essex East (Mr. Martin) as to the activities of the cabinet committee which met last January, I might, perhaps for the purpose of illustrating that his opinion works both ways, quote from a speech made by Congressman Frank M. Coffin at Portland, Maine, on February 13, 1959, as follows:

> Shortly after our report was issued, in early January of this year, the joint cabinet committee on trade and commerce met in Ottawa. In the past, meetings of this group had been noticeably infrequent. The holding of this January meeting was another proof that we were determined to attain the best possible relationships with Canada. Unfortunately, both secretaries Dulles and Benson were unable to attend because of sickness. And, more unfortunately, the meeting suffered from two chronic bureaucratic diseases: inadequate briefing and co-ordination of our delegates;—

He was speaking of the United States delegates. I continue:

> —and premature and intense preoccupation by all concerned on the press release that became the work product of the meeting. In the future, when the mere fact of a meeting ceases to be a novelty, I doubt that we can avoid serious criticism for this kind of a performance.

The shortcomings are therefore fully realized by those who are vitally concerned with those relations and have been working so well in the past toward achieving an improvement therein.

I have said that in the adoption of sensible military, economic and political policies, particularly by the United States and Canada, rests our future internal well-being, rests our national security and indeed the fulfilment of our external defence and economic obligations. I think I can do no better than state the challenge as it was set forth by Mr. Khrushchev himself in the meeting of the twenty-first extraordinary congress of the communist party of the Soviet union on January 27, 1959 in announcing the new seven-year plan, in which he said this, and I am quoting from his remarks:

> Today, our task is to tip the scales in world production in favour of the socialist system against the capitalist system—

I emphasize Mr. Khrushchev's use of that word "against". I go on with the quotation:

> —to surpass the most advanced capitalist countries in productivity of social labour and output per head of population, and to attain the world's highest living standards.

Mr. Khrushchev claims that the national income of the Soviet union can be made to increase each year by 8.6 per cent, not only in the early stages of industrialization but as a permanent feature of the soviet economy. It may be startling for hon. members to reflect that the normal western rate of growth has never gone much beyond three per cent. This is the first challenge, as I see it, that the soviet government can maintain double or more the western rate of growth.

The second challenge, as I see it, is the manner in which the soviet intends to go about achieving the industrial expansion that Mr. Khrushchev says she is going to do. I do not believe, from the reading that I have done on the subject, that there can be any doubt that the Soviet union can achieve what Mr. Khrushchev says is their national objective. This presents a very real challenge, despite the fact that the soviet labour force has been depleted by a low wartime birth rate, and they surely must by now prefer a spending sort of living rather than a savings sort of living after four years of perpetual crises. But despite these difficulties, as I say, the soviets intend to reach this goal and the recent western belief is that they can do it.

The challenge that is presented to the western world—and this is where our trade relationship with the United States becomes so important—is in the chosen field of the west, namely in the field of increased production. If western management, western ingenuity, western skills and technological ability cannot meet that challenge, then one may as well say that the rest of the world is lost. This is where it becomes so important for us to support policies which will give aid to foreign countries not just in the north Atlantic community, because the Far Eastern countries and the Middle Eastern countries, those free nations, in my view are just as important as those close by.

How does the question of United States leadership bear on the manner in which the free world is to meet this challenge? I have stated the challenge and the adverse effect that it will have on our way of life if it is not vigorously taken up. I think it is well to consider now, as I have tried to point out, who are the protagonists, I do not think,—as this amendment of the Leader of the Opposition would suggest—that we should confine ourselves to the North Atlantic community. The challenge must be taken up by the whole of the free world because Mr. Khrushchev used these words, that this economic offence is aimed against the free world, which I suggest should take it up. Canada is very important, Mr. Speaker, in this whole fabric, but I think Canadians everywhere should be

asked just where does Canada's responsibility lie? How can we be of the greatest assistance in meeting the soviet challenge? This is where the importance of our trade relationship is pointed out most dynamically. Dr. Norman M. Littell, of the American bar, has said:

> Canada is our most indispensable ally in the world battle to maintain our free way of life.

Canada's rapidly expanding economy and growing wealth will enable this country to assume a greater share of the costs which a free world has to incur in order to achieve greater security and greater internal well-being and greater internal welfare; and Canada is in a unique position to achieve and discharge this responsibility. She is a British commonwealth nation; she is a Colombo plan nation. Forty per cent of our nation lies above the 60th parallel; therefore we are an Arctic nation. In defence we are a North Atlantic treaty nation; in trade we are a North Atlantic triangle nation. We are a western nation; we are a North American nation. Surely, it must be realized that the maintenance of this intricate network of relations is of vital interest to and should be the vital concern of the United States.

Canada is in the unique position, as I have said, to be an invaluable instrument in the looming economic struggle with the Soviet union, or rather should I say with the communists, because China on the horizon is just as real a threat as the Soviet union. We are a natural, and indeed, an inevitable partner with the United States in meeting the soviet challenge. How can we in Canada assist in meeting that challenge? Here again this is so important in our relations with the United States. In my view, we can meet the challenge by increasing production. As I said, I feel this is in our chosen field. This involves economic policies which have to be shaped. This involves military and political policies which have to be shaped. These policies have to be shaped not in a vacuum, not in isolation but shaped with the one having regard to the other.

When the Leader of the Opposition proposed this amendment he said that he did not want to hear the words, "Why didn't you do something about these matters when you were in power?" The fact is, however, that we are saddled today with policies which were made by the previous administration when dealing with these matters and they simply cannot be tossed aside in a moment.

I wish to make the point clear that in my view no commercial policy is possible without taking a complete inventory of our resources. It is like shouting in a vacuum to say that you can formulate a policy concerning resources if you do not know what you have. We as Conservatives believe that we are responsible to future generations of Canadians for our decisions today. We believe that we have to answer to future generations for policies we adopt with regard to the disposition of our resources. I say that very little was done in the past. I say that we are saddled with this situation today because the previous administration determined commercial policies dealing with the disposition of our natural resources without knowledge of the facts, without knowledge of what resources we have.

As a result today we have policies of whole cloth, policies that we have to patch up here and there until we can catch up to the position we should be in and be in possession of all the facts. We will not be in possession of all the facts until we have a complete inventory of what Canada has to offer, and certainly no policies with regard to the disposition of these resources should be made until we do know.

One of the finest examples I can think of in that regard is the Columbia river. The first thing this government did when they came into office to deal with this problem which had been hanging fire was to order a study made to see what we had. There was no point in trying to make a decision as to what we were going to do with Columbia river power until we knew what we had. The way the matter had been dealt with by the Liberals is typical of their thinking all along. As I said, I can think of no better phrase than to term it a policy of whole cloth.

In this regard I should like to go back a few years to the time when the northern affairs department was set up as the Department of Northern Affairs and National Resources. As many hon. members will recall this was done on December 8, 1953. I should like to quote now from the remarks of the prime minister of that day, Mr. St. Laurent, found on page 698 of *Hansard* for December 8, 1953. At that time he said:

> But there has not been for a long time any special occasion offered to discuss these vast areas of Canada which compose the Northwest Territories and the Yukon Territory. It has been said that Great Britain acquired her empire in a state of absence of mind. Apparently we have administered these vast territories of the north in an almost continuing state of absence of mind.

This is what we are saddled with today, policies which have been shaped with a complete absence of mind. There could not have been anything else because we have certainly emphasized the need of having an inventory. The Prime Minister and the Minister of Northern Affairs and National Resources (Mr. Hamilton) have said many times throughout the country that the first thing that is necessary is to take an inventory of

what we have. I want to relate these remarks to the proposition that you cannot make any disposition of these resources by commercial or any other policies adopted by government without knowing what you have. The difficulties we would get into if we did are evidenced by the difficulties confronting this country today with regard to United States-Canadian trade relations because of a policy of whole cloth which has had to be patched here and there.

Another good example, of course, is the fact that at our present rate of progress it will take approximately 100 years to complete the mapping and hydrographic work in the Arctic islands. No work was done by the past administration in the sense of embarking on a dynamic program of establishing the extent of Arctic resources. Nothing was done until this government came into power. In the last year and a half some very dynamic work has been done by the Department of Mines and Technical Surveys. This department, the orphan of the government in the past, is waking up. The brilliant men in the lower echelons of scientific endeavour in the department have had their ideas stifled in the past by bureaucratic shortsightedness, by an absence of mind, as the Right Hon. Louis St. Laurent so ably put it.

I say that the field of increased production is the field in which we can meet this challenge. As far as Canada is concerned, this means increased production of our raw materials. As I see it, there are four reasons for not only increasing production of raw materials but bringing about increased unit productivity, an increase of production in which management and labour must take an extremely active part. The four reasons I put forward as justifying the approach I advocate are defence, research, foreign aid and education.

To deal first with defence, after the debates of recent weeks I think no Canadian is unaware today of the fact of our absolute interdependence with other free nations of the world in matters of defence. I do not think any useful purpose would be served by rehashing those debates. Suffice it to say that it is vital for us to embark on a program of increased production so far as defence is concerned. In this regard I might recall the Prime Minister's remark that there is not much point in worrying about national security if survival is lost.

The second reason I have given is research, and I think its importance is apparent to all hon. members. In terms of absolute results in this field, comparing the United States and Canada with Russia, one has only to reflect on sputnik and lunik and the marvellous scientific advances made by the Soviet union in recent years.

The third reason I have mentioned is foreign aid. I think this is a very vital program, a program that must continue and to which we must give complete support. The Russians are in this field too. Although they only entered it in 1955, I believe they have expended about $2 billion up to the present. This amount is only about 25 per cent of what the west is contributing, the United States particularly, but nonetheless the Russians are in the field and intend to be even more vigorous in their activities.

The fourth reason I have advanced is education. The priority which has been given to education in Russia has allowed that country to leap forward from virtual illiteracy 40 years ago to their sputniks and luniks that are circling about what I might call a startled western world today and they are evidence that we must approach this field of endeavour with more vigour than ever before.

Now, with regard to trade policies themselves, I wonder if you will allow me, Mr. Speaker, to recall to hon. members the observations which have passed from one side of the floor to the other in recent months, and indeed during the last session, concerning the policy of trade diversion which was enunciated by our Prime Minister. I shall repeat them, just to refresh hon. members' memories. Our Prime Minister said:

> Our hope is to achieve . . . a better balance of trade and a greater diversification of that trade. . . . We believe it is in the interest of both Canada and the United States to pursue long term policies which aim at achieving this objective.

Now, this statement has been ridiculed and it has been belittled. I thought perhaps hon. members might be interested to learn of the opinion of some of the hon. members who used to sit on the government benches in so far as this matter is concerned. So far as Canada-U.S. trade relations are concerned, I think it is absolutely vital to recall that every further restriction, every further import control, every further quota placed on our exports to the United States does nothing more than weaken Canada for the job ahead. Whether or not the United States is aware of this fact, and I believe quite sincerely that they are aware of it, they must realize that it is in their interest not to disturb the economic health of Canada.

The Prime Minister is not alone in his hope of achieving a greater diversification of trade and the removal of trade restrictions. This is what the Right Hon. C. D. Howe said in October, 1949 when he was

minister of trade and commerce and addressed the Canadian exporters association in Montreal. He said:

> Obviously, our policy must be to export more to the United States, or alternatively, to buy less from that country.
>
> It also is obvious that if we can divert about $400 million worth of imports from the United States to the United Kingdom, our problem is solved.

Certainly, it is true that there is a difference between the circumstances in 1949 when Mr. Howe made this statement and the circumstances in 1957, but the point I want to make is this: The basic problem and the suggested solution are identical. In addition to this, the present Leader of the Opposition also made a statement as recently as December 2, 1958, in a speech delivered at Rochester, New York. The hon. member said, and I quote:

> Canada's great need is an expanding and diversified export trade.

I have tried to show that there are four areas in which Canada can meet the economic threat of the Soviet union, and it is within those four areas that there is a concern which must be met with regard to the improvement of Canada-United States trade relations.

Before I resume my seat, I should like to discuss for a moment the terms of the amendment itself. I think I would not be far wrong if I said the amendment is perhaps a bottom drawer amendment which was produced in the emergency of the moment. The amendment sets forth that by reason of recent decisions of the United States government, particularly in the field of production and commercial policy, and here I quote:

> —underline the necessity for the government to make more effective arrangements—

I think I agree with that. I think that more effective arrangements are necessary. I think that the reason more effective arrangements are necessary now is because of the policy of whole cloth to which I referred before, and which has been left with us by past administrations. I have endeavoured to show the approach that was taken by the previous prime minister with regard to that 40 per cent of Canada which lies above the 60th parallel and which is the storehouse of resources that will prove to be vital if we are going to accomplish these wise and intelligent policies. I think I am in agreement, therefore, with the necessity for more effective arrangements being made.

I think, too, I agree that this is the only way to prevent the undesirable impact of these decisions on Canada—I think we should expand those words and include other countries because we cannot isolate, as I have attempted to suggest, the economic policies of one country from the political and military policies. They must live together. They must be fashioned together. I think there is a need for more effective participation by the government in working out the implications of interdependence. I do not agree that this should be restricted to closer unity within the North Atlantic community because I think that is isolationism in perhaps a mild sense but still isolationism and something that is undesirable.

I would say, therefore, in the words of the hon. member for Essex East (Mr. Martin) that the motivation of the amendment itself is, in general terms, good. I think if you were to strip the resolution of its circumlocution and its vagueness, I would be going along with it. However, I would want to spend the night reading it because I would want to understand it. As it is phrased now, there is quite a bit of it with which I agree, and I agree with the motivation. I agree that more effective arrangements are necessary for all the reasons I have stated.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I was very interested in hearing some of the arguments put forth by the hon. member for the Yukon (Mr. Nielsen). I noticed his great concern with the problem of production in the western world. He seemed to indicate that there was a fear in his heart that it might be possible the communist world might exceed us in the production race. Along with that expression of fear I seemed to sense an expression of fear that all these values that we hold dear would be lost if we should lose in the race to increase our production.

I am pleased to see the west becoming aware of the need for increasing production. However, I like to see a growth in production because a greater production will help to fill more of the needs of the many people in the world who are in need. I believe that if we have values that are worth preserving, that are worth sponsoring, and I believe that we have, they will continue to exist regardless of what side of the iron curtain should eventually win the race for production. I have not so much confidence in materialism that I am overly afraid of the long term implications of us having a slightly lower rate of production than others in the world.

In looking at the Liberal amendment to the supply motion I can certainly see that the Liberal party is not a very great admirer of some advice that Sir Winston Churchill once offered when he said that in politics the best English is the simplest English.

I must say that half of us in this section of the house are graduates of universities. Yet

we have to read, reread and reread once again the Liberal amendment before we really begin to understand what is meant. Instead of the word "necessity", they might easily have used the word "needs"; instead of "participation", they might have used "part"; instead of "undesirable impact", they might have used "bad effect". They might have used a semicolon to separate at least the two main parts of their resolution. It is so long winded and so complicated as to its wordage that it is almost as hard to understand as is the present policy of the Liberal party on many matters of public concern at this time.

The matter raised by this amendment is not a new matter for this House of Commons. It is many long years now since the House of Commons began to express its concern with regard to United States actions which affected the export of Canadian minerals, Canadian grain, Canadian potatoes, Canadian forest products, Canadian oil and Canadian natural gas. It has been several years now since this house has expressed concern lest Canada not receive its proper share of the defence production that was needed for North American defence. For some years now we have heard complaints in this house about the actions of the United States government in subsidizing its exports. In that connection may I just mention the fact that the United States government is not the only foreign government that is subsidizing certain of its producers. I was very much surprised, Mr. Speaker, to read in the papers last week, when the farmers were here, that the West German government or the parliament of West Germany has now been informed that the farmers of West Germany will be subsidized in this year to the extent of $300 million. It is not only the subsidization program of the United States government that is of concern to us; it is the subsidization programs of many foreign nations.

I feel that there is another problem that concerns us and this one may be not as obvious. I refer to the competition, if you wish to call it that, which Canadian production is obliged to face in the world markets from United States-owned plants in countries outside of the United States of America and outside of our own Dominion of Canada. That problem is making itself evident as each month rolls by. The angle that I wish to pursue in my contribution this evening, Mr. Speaker, is to appeal to this house to have an end to this constant harping against the activities of the ruling authorities in the United States of America; to realize that they at least believe that they are acting in the best interests of their own national producers; and to realize that if members of this house were sitting in the United States House of Representatives the actions they would take would not be very far removed from the actions being taken by their counterparts in Washington. The United States government and its members must be elected and hope to be re-elected; and it is only natural that they will apply themselves to the urgings of their electors. I feel that our answer does not lie in continuously appealing to the Americans to consider the interests of Canadian producers. Those appeals are unrealistic. After all the years of appeals that we have made, I think it is about time that we began to look elsewhere for a solution.

I realize that much can be done and I wish this interparliamentary committee well in building greater understanding of our needs south of the border. Conversely, it is likely that we shall gain a greater understanding of the pressures and the forces at work in the United States of America. There are many matters of difficulty which are simply misunderstandings, and they should be removed at the earliest possible date. However, I submit that the economy of the United States—and also, I might say that of the U.S.S.R.—is so analogous to our economy that we shall continue, in times of economic stress and strain, to realize that those countries whose natural resources and productive capacities are so similar to ours are not our finest commercial allies and that we should rather look around in the world—especially in the North Atlantic community, if possible —and attempt to find an economy that is or economies that are complementary to the natural economy of the Dominion of Canada.

I regret very much that so many of our eggs have been placed in one basket. Most economists could have told us that if and when the time comes when the United States is plagued with surplus production in many lines they will eliminate the importation of Canadian supplies. Over the years we have warned of the danger of putting all our eggs in one basket. I find it rather odd that of all people to complain about the situation at the present time the Liberals of Canada are doing so. They, more than anyone else are responsible for our eggs all having been placed in that one basket. The Conservatives, of course, gave their word to the Canadian electorate that all of this was going to be changed if they were given the chance to form a government. We have not seen very much of a change yet.

While I can appreciate cabinet ministers' looking up old *Hansards* and finding out how former Liberal counterparts used to reply on orders of the day, I fail completely to see the need for leading members in the official opposition now to go back to *Hansards* of three and four years ago, and this afternoon to be

repeating, almost thought for thought the expressions that were emanating from the official opposition only two or three years ago. I feel that the Liberals ought to consider how weak the Tory arguments were and how long they had to sit in opposition. I am sure they will agree that was the Messiah that put them in office and that it was not the validity of the arguments that put them in the role of government where they are today.

We feel that not very much has been done. We continue to hear the same answers which we have heard for the last five years. We have made our views known to the United States government. We have made serious representations. We have made serious protests. Members of the cabinet have met with their counterparts in the United States government, and we feel that not very much has been accomplished, and as I expressed previously, I can well understand some of the real factors why so little is being accomplished.

I feel that we have to be realistic and recognize that it is very, very hard indeed. It is most difficult for the United States legislators to withstand the pressures of their own people in these matters. We are in effect asking them to pay less heed to their own interests and more heed to our interests. I had felt for a long time that the formation of the European economic union would be very, very harmful indeed to Canadian interests.

I welcome the formation of the European economic union none the less, because it removes a sore point in western Europe. It removes many of the frictions which have often been the cause of bloody wars in the past. I welcomed the efforts of the United Kingdom when they attempted to expand the European economic union to take in 17 Atlantic nations instead of only six. I only wish that the United Kingdom would have included the Dominion of Canada in a proposal of this type.

Our problem is, where do we stand now? The European economic union ruled us out. We have a serious problem on our hands. The United States economy is largely self-sufficient; the western European nations are beginning to look after themselves and do not have to depend on us. We feel that we should take more aggressive measures for the sponsoring of a real, effective north Atlantic economic community either with or without the United States of America.

I remember very well a really worthwhile speech made in this House of Commons on this subject some years ago by the former member for Winnipeg North, Alistair Stewart. His proposal at that time to the House of Commons was that the member nations of NATO should reach an agreement whereby they would progressively reduce their tariff barriers, one NATO nation to another, by a flat percentage of 10 per cent per annum. His argument was that that would not be so severe that member nations would not be able to afford to smooth over the hardships that might be imposed by dislocations in each of the participating nations. Then his argument was that we could look forward to the day when the whole western world as we now know it would be one economic unit with a fairly uniform standard of living for all of its people. This would lead to closer social, cultural and he hoped eventually political, ties.

I do not see this as running counter to the interests of world brotherhood, because if we are to build world brotherhood, we have to begin to build it with our immediate neighbours and with people who are most closely allied with us. When we have established some feeling of brotherhood there—a brotherhood, I may say, based on more than military alliances—then we can begin to proceed with more assurance toward establishing a world brotherhood.

Our present method of going about things in the western world, Mr. Speaker, is going to give us cause for regret in the not too distant future. The United States government, if it wants to be loyal to the interests of its own people in the western world as it exists today, cannot give us treatment which is very radically different from what we are receiving today. I also feel that if we are going to allow the European economic union to operate for any number of years, it is going to become more and more difficult for us to ally ourselves with the economy of western Europe. I feel that the longer we postpone closer economic ties with member nations of the commonwealth, the more difficult it is going to be for us to cement those ties, because they are not exploring ways and means of allying their economic lives with the economic lives of other parts of the world.

I feel that we have done ourselves a lot more harm than good over the past five years by protesting so loudly yet never being prepared to follow up any protest with any action. We have established much ill will south of the border. We have deliberately—I blame in the main the former Liberal government for this—alienated ourselves from the markets of Europe, the United Kingdom and the commonwealth. I regret that I fail to see any substantial action which

has come out of this government in the past eighteen months of its life to indicate that there has been any fundamental and basic change. They, like the former government, keep on running to Washington hoping that they will get a better deal out of Washington. I feel, Mr. Speaker, that that better deal is going to be a long, long time in showing itself.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the house leader what the business is for tomorrow and Wednesday, and for the rest of the week if he can so indicate?

Business of the House

Mr. Green: Tomorrow, of course, we will continue with this debate. On Wednesday we will take interim supply and the supplementary estimates. Then we will go on to agricultural estimates. The first item on today's order paper, item No. 2, deals with amendments made by the Senate to the act to amend the National Defence Act. We want to move concurrence in those amendments.

Mr. Chevrier: Will that be done on Thursday?

Mr. Green: Wednesday or Thursday.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

DR. JACQUES ROUSSEAU

Question No. 182—**Mr. Argue:**

1. Did Dr. Jacques Rousseau hold a position at the Montreal botanical garden prior to his appointment as a director of the national museum of Canada? If so, what position?
2. How long had he held this position, and what were his responsibilities in this regard?
3. How long had Dr. Rousseau been employed by the Montreal botanical garden prior to his last appointment and what positions had he held during this time?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes. Scientific director.

2. From March 15, 1956 to March 12, 1957. The department has not determined what were his responsibilities other than to learn that Dr. Rousseau no longer had administrative responsibilities after March 14, 1956.

3. The department is informed that, from 1938 to 1942 Dr. Rousseau was part time and full time assistant director; that from 1942 to March 14, 1956, he was superintendent of the garden; on March 14, 1956, by resolution of the Montreal executive committee, he was relieved of any responsibility for the staff and became "scientific director" of the garden until he resigned on March 12, 1957.

AIR CONDITIONING SYSTEM REPAIRS, PRINTING BUREAU

Question No. 227—**Mr. Pigeon:**

1. Is the government repairing the air-conditioning system of the printing bureau?
2. If so, what is the cost of such repairs?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes. The new work provides for improvements to the existing air conditioning system.

2. Funds were provided in estimates for $800,000. Tenders were called recently and are being processed through treasury board.

APPENDIX

CORRESPONDENCE BETWEEN MINISTER OF JUSTICE AND R.C.M.P. SUPERINTENDENT

Royal Canadian Mounted Police
Office of the Commissioner
Ottawa

March 12, 1959.

The Hon. E. D. Fulton, Q.C., M.P.,
Minister of Justice,
OTTAWA, Ontario.

Dear Mr. Fulton:

On Sunday last you received a wire from the attorney general of Newfoundland asking under the terms of the contract that 50 R.C.M. Police reinforcements be sent to that province for duty in areas where the loggers are on strike. At about the same time I received a telephone call from Superintendent A. W. Parsons, the officer commanding the R.C.M. Police in Newfoundland, advising me of the situation and informing me that he had requested the attorney general to apply for help.

Superintendent Parsons told me that he might be able to get some assistance from the Newfoundland constabulary, the provincial force which polices St. John's, and I asked that he follow up on this possibility at once in the hope that help from that quarter might avoid the necessity of sending in reinforcements from outside.

I discussed the situation with you during the afternoon by telephone. I also received a further call from Superintendent Parsons letting me know that he had been able to get a detail of 25 men from the Newfoundland constabulary and had also scraped up another 20 from his own resources. With this help he felt that his request for reinforcements from outside might be held in abeyance.

On Tuesday, March 10, at your request I dispatched the following message to Superintendent Parsons:

> Please deliver following message to Mr. Curtis begins re your tel. March 8 to Minister of Justice Stop Mr. Fulton has referred matter to me with instructions to watch situation closely Stop Have accordingly taken steps necessary to insure that RCMP reinforcements are ready with air transport available Stop I am advised changing situation including steps taken within provincial establishment and help from constabulary indicate reinforcements from outside province may not now be needed Stop Accordingly situation will be watched closely and readiness maintained pending further developments ends

At 11 o'clock Tuesday evening, March 10, Superintendent Parsons informed me of the clash which had just taken place on the highway outside the town of Badger between approximately 300 strikers armed with clubs, bottles and other weapons, and a detail of about 50 police including 15 men of the Newfoundland constabulary. Parsons felt that this clash might be the turning point and might convince the strikers that the police were determined to maintain law and order.

At about 6 a.m. yesterday Parsons telephoned me again and told me that instead of improving the situation in the Badger area was deteriorating. Another 100 men had come in during the night and the total number of strikers in this little town now stood at about 400. These were almost all from outside points.

At 8:30 a.m. yesterday I informed you of the situation and, with your approval, took steps to get a body of 50 men ready in the maritimes and to arrange for air transportation. Later you asked that the plane be held at Moncton where some of the men were to be gathered until the cabinet had time to consider the Newfoundland request. At about 5:20 p.m. you informed me that the cabinet had decided the request from Newfoundland was to be refused. I thereupon told you that I could not understand or agree with the decision and that I would let you have my resignation the following morning.

The clause in the contract dealing with the provision of reinforcements is to my mind quite clear. It reads as follows:

> Where in the opinion of the attorney general of the province an emergency exists within the province requiring additional members of the force to assist in dealing with such emergency, Canada shall, at the request of the attorney general of the province addressed to the commissioner, increase the strength of the division as requested if in the opinion of the Attorney General of Canada, having regard to other responsibilities and duties of the force, such increase is possible.

There is no doubt in my mind as to the need and I am certain that the number of men asked for can be provided without prejudice to "other responsibilities and duties."

I realize that other issues are before you which arise from this strike but I feel most strongly that the matter of law enforcement should be isolated and dealt with on

its own merits. This is the attitude the force has taken throughout. It has not concerned itself with the issues back of the strike but has merely tried to maintain law and order in the area.

I think the contract clause on this matter of providing reinforcements in an emergency is clear and I cannot escape the conclusion that failure to supply reinforcements in this instance is a breach of that clause. Bearing in mind that we have similar contracts with seven other provinces the decision of the government has a particular significance.

With these considerations in mind I feel I have no option but to ask you to accept my resignation and this I now do. I hope you will be able to relieve me as soon as possible and I shall await your advice as to what arrangements will be made to that end.

I cannot close without telling you how much I regret having to take this step. I am within a year of completing my full service and I had looked forward to finishing my time in a more pleasant way. I have enjoyed serving under your direction and I have appreciated your support of the force and your active interest and understanding in all aspects of its work. I assure you that it is only a firm conviction of the correctness of my view which leads me to take this disagreeable action.

Yours sincerely,

L. H. Nicholson

(L. H. Nicholson),
Commissioner.

COPY

Minister of Justice and Attorney General of Canada

Ottawa, Canada,
March 16th, 1959.

Commissioner L. H. Nicholson,
Royal Canadian Mounted Police,
Ottawa, Canada.

Dear Commissioner Nicholson,

I have received your letter of March 12 and have learned with regret your decision to submit your resignation as commissioner of the Royal Canadian Mounted Police.

You first indicated your intention to resign on Wednesday evening, March 11. This was in the course of a telephone conversation, immediately after I had informed you of the decision that the reinforcements requested by the attorney general of Newfoundland should not be sent at that time. My recollection of the developments leading up to that point is in accordance with the facts as set out in your letter of March 12, with one minor exception to which I shall refer later.

The fundamental difference between us, as I view the matter, centers around your conclusion that there has been a breach of the clause quoted by you from the contract between Canada and Newfoundland.

The obligation imposed on Canada by that clause is to increase the number of members of the force in the province if, in my opinion as Attorney General of Canada, "having regard to other responsibilities and duties of the force," such increase is possible.

In reaching my conclusion on the question whether "having regard to other responsibilities and duties of the force", such increase were possible, I, of course, as you know, gave the most careful and anxious consideration to your views that additional members could and should be sent to Newfoundland without prejudice to other responsibilities and duties of the force. However, upon a consideration of all the factors, including especially the importance of preserving the character and capacity of the force to discharge its duty in connection with law enforcement in all of Canada, I came to the conclusion, after consulting my colleagues, that, as the situation existed at that time, it was not possible to send the additional men requested without prejudicing the other responsibilities and duties of the force.

This decision was my responsibility. I reached it only after the most careful consideration of your views and of all the other factors that, in my judgment, were relevant. I regret profoundly that you came to the conclusion that, by reason of that decision, you should resign.

Much as I regret your decision to tender your resignation, under these circumstances I have no alternative but to accept it and am prepared to make a submission to the governor in council accordingly. However, there will be a number of administrative arrangements that must be made to meet the situation thereby created, and I shall appreciate it if you will carry on until such time as a successor can be appointed. I expect this will be in the very near future.

While the point of minor difference to which I referred at the beginning of this letter may not be of any real significance, I should mention it for the purposes of the record. It is my clear recollection of our conversation at 5:20 p.m. on March 11 last, that I informed you that the decision taken as of that time was that the dispatch of reinforcements was to be delayed pending further consideration, and not that it had

been finally decided to refuse the request, as appears from the third paragraph on page 2 of your letter. I appreciate that, from your point of view, this difference may not be of any significance in its implication. Nevertheless I thought that I ought to mention it.

It remains only for me to express my deep personal regret that you should feel impelled to make this decision. You know that I disagree with your view as to the course you should follow but I respect the sincerity and conviction with which you hold it. I have enjoyed our association since I became minister responsible for the force and have appreciated your advice and support and the very pleasant relationship we have enjoyed in every aspect of the work of the force. You can rest assured that whatever may be the views as to the present situation you have earned the respect and esteem of all those with whom you have served.

Yours sincerely,

E. D. Fulton.

HOUSE OF COMMONS

Tuesday, March 17, 1959

The house met at 2.30 p.m.

COAL

MARITIME PROVINCES—ANNOUNCEMENT OF INCREASED SUBVENTIONS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the hon. member for Cape Breton South asked me for a report in connection with coal policy, and I now wish to give the house the information regarding this matter.

The government has been paying particular attention to the problem of the movement of maritime coal to markets in central Canada in the light of the special marketing problems and difficulties encountered this year by the coal industry of the maritimes. It will be recalled that substantial stockpiles of coal were accumulated last year as a result of the decline in market outlets for Canadian coal. Canada was not alone in this connection, as coal markets overseas have also been feeling the competition of other fuels.

This year further difficulties have been encountered in marketing due to the temporary surplus of electricity available to compete with coal in the St. Lawrence area, the first competition with gas from western Canada, and the continuing competition with United States coal. It is now necessary to make a readjustment in the subventions to ensure that the opening of the St. Lawrence seaway will not in any way prejudice the position of the maritime coal industry.

As a result of the consideration of these factors the government has decided that it will revise the maximum rates of subvention payable on maritime coal moving into Quebec and Ontario. The detailed changes in these subvention rates will be incorporated in orders in council to be passed in a few days' time, and these orders in council will then be made public. The revised rates of subvention will enable coal to move effectively to those areas in Quebec and eastern Ontario where it has been sold heretofore notwithstanding the changes in the marketing situation to which I alluded at the beginning of my remarks.

In some cases it may be necessary for the coal board itself to take an active part in negotiating the detailed arrangements to accomplish this purpose. The volume of sales necessary to maintain a reasonably satisfactory level of employment this year in the maritime coal fields, particularly in Cape Breton island, cannot be achieved without moving coal farther into the Ontario market than it has moved previously. This is particularly so if the stockpiles of Cape Breton coal which were accumulated last year are to be reduced to normal proportions.

For this reason and the other temporary reasons affecting this year, a special increase will be made in the rates of subvention for the coming fiscal year 1959-60 to make possible the shipment into Ontario of additional Nova Scotian coal up to a total of 700,000 tons. The additional cost of subventions for this purpose is estimated to be about $4,300,000 over and above the estimate of $8,100,000 required for the other movement of Nova Scotia coal into the areas of Quebec and eastern Ontario where it has been sold in the past.

The government of Nova Scotia, taking note of the special need for making provision for the disposal of these stockpiles this year, has agreed to share with the federal treasury the cost of this temporary increase in subventions for this purpose. The government of Nova Scotia has agreed to accept 20 per cent of the first $2,500,000 required in additional subventions for this extra movement.

We believe that this special action this year will make it possible for the coal mining industry of the maritimes to continue its program of modernization and the improvement of its efficiency while working off the excess stocks that have been accumulated. The Dominion Coal Corporation has informed the government that if this extra movement of coal to Ontario is made, only the minimum lay-off of 40 days will be necessary. By the end of this month all the miners will have been off for 25 days. The remaining 15 days will be arranged for during the summer months.

The government, of course, does not contend that subventions alone are a final answer to the Nova Scotia coal problem. All those concerned recognize that a thorough study of the long term market outlook is urgently required, and that the related readjustment of coal production must be made in such a way

that the industry may serve its future markets efficiently and economically. The principal company concerned is undertaking its own studies of these problems. The governments of Nova Scotia and Canada have now agreed to study this question jointly. Premier Stanfield of Nova Scotia will be coming to Ottawa some time in the next few weeks to discuss with this government the arrangements to be made for undertaking this review as expeditiously as possible.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in connection with the statement the Prime Minister has made I should like to remind the house that when we discussed the difficulties of the Nova Scotia coal industry last June and July, we on this side emphasized that vigorous action and long term planning would be necessary to deal with the increasingly serious situation. We were then charged with being unduly pessimistic in our observations on the industry. Indeed, the Minister of National Revenue, who spoke at that time, gave an optimistic picture and said orders for coal were recurring and multiplying.

Then, as the house knows, the difficulties which we predicted occurred, and as a result there have been cut-backs and lay-offs beginning February 1. Also, as a result of this, coal production in Nova Scotia has declined in 1958 by almost half a million tons.

On January 28, as the house knows, there was a meeting in Halifax of provincial labour and management representatives. This meeting was not attended by any member of the federal government, though I believe the chairman of the coal board was present. Following the lay-off in February a delegation waited on this government to make proposals which had grown out of the meeting in Halifax.

Since that date the government has had before it certain proposals arising out of that meeting. The first of these proposals, as the house knows, was for increased subventions on the movement of Nova Scotia coal. The Prime Minister has now informed the house that there are to be increases in those subventions which will permit, it is hoped, the marketing of 700,000 tons in Quebec and Ontario, the cost of which will be borne by the federal government except for 20 per cent of the first $2.5 million.

This delegation made certain other proposals. One was that there should be government assistance in the construction of a coal washing plant. If that is to be done it will require an extension of the life of the Maritime Coal Production Assistance Act beyond its expiry date of October of this year. This act was passed, I think, in 1948 by the previous government, and had at its disposal $10 million of which all has been spent except $3,000. If there were additional funds they could be made available for this particular assistance.

Then the delegation also asked for serious and sympathetic consideration of the united mine workers marketing proposal that the dominion coal board be constituted the marketing agency for Canadian coal. We have heard nothing from the Prime Minister about that recommendation, although it is true that Mr. Uren, head of the dominion coal board, did put on the record of that meeting at Halifax to which I have referred the following statement:

> Unofficially we have acted as a marketing board. In several instances in the past two or three years the chairman of the coal board has carried on negotiations with the purchasing agents of large pulp and paper industries in northwestern Canada. As a result we have succeeded in getting Canadian coal into those plants, and we have got some Canadian coal into those plants which should never have got there, although we were told that they would be good boys and do what they could.

I suggest, Mr. Speaker, that encouragement should be given by the government to the carrying on of that kind of activity and to stepping it up to meet the present critical marketing situation. I know the house will welcome the increased subventions which the Prime Minister has mentioned, but that is not the answer to the difficulties of this industry. As a matter of fact, Mr. Speaker, the subventions—welcome as they are and perhaps essential as they are at the present time—are only stop-gap emergency measures and are not the long term measures that are required. Since subventions went into effect in 1928 the dominion treasury has paid out $77½ million for that purpose, yet the coal industry in Nova Scotia is in the position in which we find it today.

Therefore while we also welcome this long term examination which the Prime Minister has indicated will now begin, may I just point out that the proposals which we made with regard to this inquiry and with regard to energetic action were made last summer, and six, seven or eight months later all we have from the government is increased subventions.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, over the week end I had the pleasure of being in Sydney, Cape Breton island and I can tell the Prime Minister and the house that the people of that area will find this news extremely welcome. With some 4,000 miners out of work the whole of the Cape Breton economy in recent weeks has been greatly depressed. There is naturally great concern not only amongst the miners but amongst the business community and all the

residents in that area as to the future of the coal mining industry. In addition to the step announced by the Prime Minister I hope assurances can be given that in the building of thermal plants in the maritime provinces every consideration will be given to the use of coal as a fuel.

The people in that area feel that one of the great difficulties they have to face, as compared with the economy of central Canada, is exceedingly high freight rates. Any action that may be taken by way of subvention or otherwise in order to equalize freight rates and give the maritime provinces and their industries something of an equal competitive footing as compared with the rest of Canada will be most welcome.

I hope the thorough study to which the Prime Minister and the Leader of the Opposition have made reference will be undertaken, and that the incomes and the industry represented by the coal mines of Cape Breton will receive every consideration from the government and from parliament.

INQUIRY AS TO ASSISTANCE TO INDUSTRY IN WESTERN CANADA

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister, in view of his statement on the maritime coal situation. I would like to ask the Prime Minister what consideration has been given, or is being given, to the situation in the coal mining industry in southwest Alberta and southeast British Columbia, where the industry is almost at a halt? In Fernie, British Columbia, it has come to a halt. Mr. Speaker, you understand that we welcome the announcement about the maritimes, but we are interested in the coal mining industry in Alberta and British Columbia. Is any consideration being given to our problem there?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, of course that is not a question which can be answered off the cuff, but may I say that this government did provide subventions in order to encourage the shipment of coal from those areas to Japan. The question of further action to be taken is always under consideration.

NATIONAL DEFENCE

CANADIAN CONSENT FOR U.S. STRATEGIC AIR FORCE ALERT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister a question, Mr. Speaker, arising out of a report which I read this morning. The question is this. Is the consent of the government of Canada required before the strategic air force of the United States could be put on air alert?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Leader of the Opposition advised me of his intention to ask this question. I wish to advise that in so far as the question is concerned, the answer is no. However, I should like to say something more than that, and would refer the house to my statement in the House of Commons on June 3, 1958, in which I dealt at length with the agreed procedure whereby prior permission from Canada is required for each bomber flight over Canada. There has been no change in the agreed procedure since the statement to which I refer, which was made on June 3, 1958.

In so far as United States bomber aircraft carrying nuclear weapons over Canada are concerned, those flights can take place only following prior permission from Canada. These flights are dealt with separately, by specific application, and there is nothing in the nature of a blanket authority. The weapons are inactivated in order to avoid the possibility of accident, and the rules of procedure being followed are unchanged from those which have existed for several years.

HOUSE OF COMMONS

WELCOME TO HON. MEMBER FOR HURON FOLLOWING ILLNESS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise on a question of privilege. On behalf of this group I wish to welcome the return to the house of our old friend and political enemy, the hon. member for Huron. We trust he will soon be returned to perfect health so that we in this group will have no qualms about hurling our verbal brickbats against him.

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, we too on the Liberal side of the house want to say a hearty word of welcome to the hon. member for Huron. We are happy and thankful to see that he is sufficiently recovered from his serious accident to take his seat for the first time during this session, and we welcome him.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman has already been welcomed by members of the cabinet and myself, and I am sure this is one of the things he will not forget, namely that feeling of friendship which prevails in this house in its relationship among members regardless of their viewpoint. Before he gets

an opportunity to say thank you, I want to say to the hon. member for Kootenay West how much we appreciate his words, as well as the words of the hon. member for Niagara Falls.

Mr. L. E. Cardiff (Huron): Mr. Speaker, may I take the opportunity of thanking the hon. member for Kootenay West and the hon. member for Niagara Falls, as well as the Prime Minister. I am also very glad and pleased to be here. May I take the opportunity to thank all members for the numerous letters I received during my absence from the house. They were of great help to me, as they would be to any person accustomed to being on duty and working. It was a great privilege for me to answer those letters; it took my mind off myself and it had a great effect. Thank you very much.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO RAID ON SIX NATIONS RESERVE

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I would like to direct a question to the Minister of Justice, arising out of a news report which appeared in yesterday's Ottawa *Citizen,* which reads in part as follows:

> Last week 40 mounties were assembled at a maritime point to be sent to Newfoundland to assist the mounties there in maintaining order during the woodsworkers' strike. When Justice Minister Fulton heard of the proposed reinforcements—

Some hon. Members: Question.

Mr. Hardie:

> —he overruled Commissioner Nicholson. This was followed by the 3 a.m. raid on the Indian reserve without the knowledge of the commissioner.

Some hon. Members: Question.

Mr. Speaker: I think the hon. member ought not to read this statement at such length as a means of basing his question. Has the hon. member a question to ask?

Mr. Hardie: Yes. My question is based on the last sentence; that is why I had to read the whole paragraph. My question is this. If the commissioner of the R.C.M.P. had no knowledge of the contemplated action by the force under his command, did the minister himself order the R.C.M.P. to take this action, or did he have no knowledge of this raid prior to 3 a.m.?

Hon. E. D. Fulton (Minister of Justice): The hon. gentleman's question is not too clear, but I can assure him that the R.C.M.P. do not take any action of the magnitude described without the knowledge and authority of the commissioner. I can assure the hon. member also that the commissioner has at all times been at pains to keep the minister informed on the impending actions of the force.

[*Later:*]

Mr. Fulton: Mr. Speaker, it may be that my previous answer to the hon. member for Mackenzie River created a wrong impression. In case this should be so I should like to say clearly that it was not my intention to indicate in the answer I gave that either the commissioner or myself knew all the details of the action to be taken by the force at Brantford. Details as to how these activities were to be carried out are, of course, as is customary and necessary, left to the discretion of the officer commanding in the area.

Mr. Hardie: Who ordered the raid?

Mr. Fulton: My understanding is that at the request of the Department of Citizenship and Immigration, Indian affairs branch, the police were asked to carry out their responsibility of maintaining law and order on the Brantford reserve, in as much as the hereditary chiefs had taken possession of property by violent acts and lawlessness had taken place. The police were asked to carry out their proper function of restraining further acts of lawlessness and to restore the property to its original owners.

Mr. Hardie: Under what legislation can a minister of the crown have the police make a raid on any reserve?

Mr. Fulton: If my hon. friend will read the Indian Act I think he will understand the authority for taking this action.

An hon. Member: Is there a state of war between us now?

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—INQUIRY AS TO INTEREST OF PROVINCIAL ATTORNEY GENERAL

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): May I ask a supplementary question concerning the R.C.M.P. Could I ask the Minister of Justice if, when he received and replied to a request from the attorney general of Newfoundland for R.C.M.P. reinforcements, he knew that the attorney general of Newfoundland is reported in the Canadian Parliamentary Guide as a director of Bowater's Newfoundland pulp and paper company, and had therefore been influenced by other considerations in asking for reinforcements.

Mr. Speaker: Order. It seems to me the hon. member's question is directed to giving the house certain information rather than to obtaining it.

Mr. Winch: Is that not the only reason we ask questions on orders of the day?

Mr. Speaker: It may be, but it is not the official reason.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO KNOWLEDGE OF R.C.M.P. RAID

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I wish to direct a question to the Minister of National Revenue, of which I have given him notice. Last week the R.C.M.P. made a raid on the Six Nations reserve near Brantford, Ontario. My question is, how did the C.B.C. become aware of the raid in order to have their mobile unit on the spot?

Hon. George C. Nowlan (Minister of National Revenue): The hon. member was good enough to send over notice of this question, as he said, so I was able to contact the Canadian Broadcasting Corporation. I am in a position to advise him as follows on the basis of the information I have received from the corporation.

In the first place, no mobile unit was sent to Brantford by the C.B.C. A freelance cameraman in Hamilton, Herbert Foxcroft, who works for the C.B.C. and other private television stations, and who had been reporting for private television stations previously, received information that the R.C.M.P. were about to make a raid. Foxcroft advised the C.B.C. to this effect, and the corporation told him that since he was there he had better cover the story, and he did so. The C.B.C. moved no equipment there. All the equipment was provided by Foxcroft. The C.B.C. understands that, strangely enough, there were several other cameramen present, including still photographers from Buffalo, Brantford, Toronto and other parts of the United States and Canada.

LABOUR CONDITIONS

PRINCE EDWARD ISLAND—REQUEST FOR UNEMPLOYMENT FIGURES

On the orders of the day:

Mr. J. A. Macdonald (Kings): Mr. Speaker, I should like to ask the Minister of Labour what are the figures as of February 26 of persons registered for employment in Prince Edward Island, and those of one year previous to that date?

The Late Sidney E. Smith

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the hon. member was good enough to give me notice of his question. I have the answer here. The figures for the two offices serving Prince Edward Island as of February 26, 1959, were: for the Charlottetown office, 3,874; for the same date in 1958, 4,344; for the Summerside office, 2,227; and for the same date in 1958, 3,167.

THE LATE SIDNEY E. SMITH

ANNOUNCEMENT OF DEATH OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have a most difficult announcement to make regarding one of our colleagues, the Secretary of State for External Affairs, who passed away a few moments ago. No words of mine can express the feelings I have, and I know I speak for members of this house. He was a long-time personal friend of mine. I suggest that we stand in memory, and that the house do adjourn.

Mr. Speaker: Would it be the wish of the house to suspend the sitting?

Hon. L. B. Pearson (Leader of the Opposition): May I just say this. I know how the Prime Minister feels and I feel exactly the same way myself. I am quite incapable of saying what is in my heart at the tragic and sudden passing of a very old friend.

Mr. Hazen Argue (Assiniboia): We are shocked to hear of the passing of the Secretary of State for External Affairs. It is a tragic loss to the government, to parliament and to Canada.

Mr. Diefenbaker: The conveying of sympathy to Mrs. Smith and the members of the family will be done on the next occasion, but I know all of us would want to convey to her the hope that comfort will come to her.

Mr. Speaker: Would it be the wish of the house to suspend its sitting until eight o'clock this evening?

Some hon. Members: Tomorrow.

Mr. Green: Perhaps it should be suspended until tomorrow.

Mr. Speaker: If it is the wish of the house.

Some hon. Members: Agreed.

Whereupon at 3.05 p.m. the house adjourned.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PUBLIC BUILDING, WHYCOCOMAGH, N.S.—TENDERS

Question No. 240—**Mr. McWilliam:**

1. What are the names of those from whom tenders were received for the construction of a federal public building at Whycocomagh, Nova Scotia, and the amount of their respective tenders?
2. Has a tender been awarded for this construction? If so, to whom and in what amount?
3. If a tender has not been awarded, what further steps are contemplated towards commencement of this project?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Stephens Construction Ltd., Sydney, N.S., $24,995; M. R. Chappell, Sydney, N.S., $27,400; Maritime Builders Ltd., Sydney, N.S., $27,900; R. G. McDougall Ltd., Sydney, N.S., $28,380; A. E. Whidden, Antigonish, N.S., $29,616.15.

2. No.

3. The lowest quotation of $24,995 is considered excessive. Attempts to negotiate a better price with the lowest tenderer are not proving successful and it may be necessary to call new tenders.

WEIGHTS AND MEASURES INSPECTORS—COMPETITIONS

Question No. 262—**Mr. Brassard (Chicoutimi):**

1. How many competitions have been held by the civil service commission since 1951 for the position of inspector of weights and measures, grade 3, Department of Trade and Commerce?
2. How many applicants were there for each competition?
3. How many applicants were successful at each competition?
4. Have promotions to grade 3 been made upon recommendation?
5. If so, what are the names of those promoted on recommendation only, and by whom were they recommended?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. Five departmental competitions under the supervision of the civil service commission were held since 1951.

2. 1951, seventy; 1953, fourty-four; 1955, thirty-seven; 1956, thirty-four; 1958, twenty-four.

3. 1951, eight; 1953, ten; 1955, eleven; 1956, seven; 1958, four.

4. Yes, to a number of employees with at least 15 years of satisfactory service and where grade 3 positions were available.

5. Messrs. D. J. Bartlett, B. Beavis, W. R. Billings, and Thomas Clark were promoted to the grade 3 class on the recommendation of the director of the standards branch.

HOUSE OF COMMONS

Wednesday, March 18, 1959

The house met at 2.30 p.m.

HOUSE OF COMMONS

DISTINGUISHED VISITORS—RIGHT HON. HAROLD MACMILLAN AND RIGHT HON. SELWYN LLOYD

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, ordinarily no reference is made to the presence in the gallery of distinguished visitors, but I am sure the house will allow me on this occasion to make reference to the fact that Right Hon. Harold Macmillan, Prime Minister of the United Kingdom, and Right Hon. Selwyn Lloyd are in the gallery of the house today, here for a stopover for this day while en route to Washington.

We regret that the Prime Minister found it impossible to address the house and Senate on this occasion, but I am sure I speak for hon. members everywhere in paying tribute to him for the tremendous inspiration he has given to the peoples of the free world, and also that conviction which he and the foreign secretary have given to the assurance of the maintenance of peace in the free world.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I join with the Prime Minister, on behalf of the official opposition, in the words of friendly welcome that he has just uttered to our distinguished guests, and assure him and the house that we share those feelings of admiration for what the Prime Minister of the United Kingdom and his foreign secretary have been doing in recent weeks to safeguard the peace and security of the world.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on behalf of the C.C.F. party I should like to add my words of welcome to Right Hon. Harold Macmillan and Right Hon. Selwyn Lloyd. We believe their work has been in the interests of world peace and in the interests of free nations everywhere. On behalf of all of us we wish them the greatest success in those endeavours.

THE LATE SIDNEY E. SMITH

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday afternoon tragedy walked with the House of Commons. Today we are speaking in memory of Hon. Sidney Smith, the late secretary of state for external affairs, not in his capacity as such but as one who in the short 18 months during which he was a member of this house earned the friendship of members everywhere in the house and the appreciation of Canadians as a whole for the contribution he made in international affairs on behalf of Canada.

Mr. Smith came into the house with a reputation fully established as one of the great Canadians of his time. One cannot look into the future with any certainty, but I know the house will agree when I say this. Here on the threshold of a new career, had he been spared, the brilliance of his contribution in other walks of life would have been repeated in large measure in this house.

His life was one of service, beginning in the first war when as a young man in his teens he went overseas and served his king and country in the artillery and subsequently in the Royal Flying Corps. On demobilization he continued his studies, first in his own locality at his birthplace of Port Hood and at Windsor in his native province of Nova Scotia. In 1921 he was called to the bar of that province. In the same year he was appointed lecturer at Dalhousie, and soon rose to a professorship. In 1929, after a period as lecturer at Osgoode Hall in Toronto, he became dean of law at Dalhousie.

He was a great university administrator and teacher. His record is enshrined in the hearts of the many thousands of graduates who came under his influence at Dalhousie, Manitoba and Toronto universities. I believe his greatest and most enduring memorial will be the lives of those who came under his beneficent influence in the course of that relationship, unique in its nature, which at all times existed between him and his student body.

His was a life of service and devotion. He had an instinctive genius for human relationships. After becoming a member of the House of Commons and a minister of the crown he visited various parts of the world. Today messages are being received from national and international leaders not only in Canada, in the United Nations and NATO but in the capitals of the world. All of them confirm the estimate that we formed of him and the respect, admiration and affection felt for one who gave so much to his country. Indeed, his loss is being felt throughout the

entire free world to the principles of which he gave unstinting devotion as a happy warrior for peace.

The range of his interests can only be appreciated by those who knew the capacity of his mind and the boundless energy which he possessed. At various times he held the position of president of the national film society, the national council of adult education, the national council of the Y.M.C.A., the national conference of Canadian universities, the United Nations association, the national council of Canadian clubs; as well as chairman of the Canadian youth commission and the national council of the student christian movement. That is the busy life he led. He was able as well to win renown as a distinguished editor and author of learned journals and legal texts. He was a Queen's counsel in three provinces, a fellow of the Royal society of Canada, and the recipient of many degrees from leading universities in Canada, the United States and the United Kingdom. He was one of those who had the capacity for work above and beyond the normal limits of endurance. He was one who put the demands of duty at all times before other considerations.

I speak as the one who communicated with him in the latter part of August, 1957, when I asked him whether, in view of his experience and knowledge of international affairs and his relationship with the United Nations Organization, he would consider changing his mode of life and entering the cabinet. His answer, which was typical of him, was "If you think I can do something, I shall not fail". No day was too long, no burden too onerous, and all his tasks were undertaken with a cheerfulness and warmheartedness that will not be forgotten. He overtaxed his strength.

It was only a few days ago that I suggested to him that he slow his pace. That was not his nature. His end came suddenly, in a way that most of us would like to pass away, in harness and in the full possession of those attributes and capacities with which he was endowed in such great measure.

To Mrs. Smith and the three daughters go from the hearts of all of us the expression of our sympathy. The monument which Sidney Smith left behind is enshrined in the hearts of all of us.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would first like to join with the Prime Minister, on behalf of the official opposition and on my own behalf, in the expression of deep and sincere sympathy to Mrs. Smith and the family. I would also, if I may, like to extend our sympathy to the Prime Minister and the government in the loss of a close friend and a valued colleague.

We are all, of course, very deeply shocked and grieved at his passing; so sudden, so untimely, but so peaceful. It was only last week, Mr. Speaker, that I attended a meeting of the committee on external affairs and Mr. Smith, the minister was there. Behind him to advise him was the assistant under secretary of state for external affairs, Mr. Donald Matthews, and within a week both those men have departed from us. One was a civil servant, quiet, unobtrusive, but dedicated to the service of his country as an official; the other, the minister.

The secretary of state for external affairs was a man who served his country with devotion and sincerity in war and in peace during all his days, from the time of his enlistment as a very young man in the Canadian army in the first war to the very last moment of his life. As an educator, especially, before he joined the government, he made a contribution to the development and progress of this country which will not be forgotten. He was a servant of the state and he was a servant of the people. He has died in action, and his name now appears on the honour roll of sacrifice to his country and to his duty.

His work, as the Prime Minister has pointed out, was both wearing and worrying, but he never spared himself. Yet his happy disposition tended to conceal the strain and fatigue he must have felt. He was that kind of person, smiling and not complaining. As perhaps I have some reason to know, his was an arduous and exacting portfolio and one which he accepted out of that sense of public service which dominated his life, at a time when years of unremitting service in other fields had perhaps given him the right to look forward to easier days. Instead, he began new service in a field in which he was achieving national and international recognition—though he had only been in office a short time—through his calm good judgment and through his broadminded and forward-looking approach to international problems. It was a field made more difficult for him because, unlike his predecessors, he entered upon it without the advantage of previous experience in parliament or in the work of the department over which he presided.

Today we think of him not only, or perhaps not even primarily, as a minister of the crown, but as a friend, whole souled and great-hearted, with a gift for the bright and kindly word and a genius for comradeship and good companionship; a man who

made friends easily and who kept them just as easily. I was privileged to enjoy his friendship over many years, and that friendship continued without interruption or any lessening after he moved into the office where I once worked and took the seat on the other side of the house which I once occupied.

The country has lost a devoted, sincere and accomplished public servant, and we have lost a friend whom we will not soon forget.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the passing yesterday of Hon. Sidney Smith was a tragic loss for the Canadian nation. I think the statements made by the Prime Minister and by the Leader of the Opposition will be endorsed by every Canadian.

Mr. Smith had a very distinguished career in the service of Canada, a career which began many years before he entered the Canadian House of Commons. He had a distinguished career in the field of education in Nova Scotia, in Manitoba and in Ontario. He possessed those qualities which recommended him to all parts of Canada, to the east, the west and the centre.

Coming in to head the Department of External Affairs was a very onerous and difficult undertaking. I sincerely believe that as the days and months went by during which he occupied that office he displayed a greater and wider grasp of these important world problems. I believe I may say both from the statements Mr. Smith made in public and from conversations I have had with him that in dealing with difficult situations around the world he sought to establish an approach based on common sense, negotiation and peace. I was extremely pleased to see that as his term of office lengthened, greater consideration was given to the emphasis of those things that I am convinced will build an enduring and permanent peace. I have particular reference to the emphasis he placed on the need for the expansion of economic aid. His death yesterday demonstrates to all of us that this man in a very real sense died in the service of his country.

In my association with Mr. Smith and in the association of my colleagues with him I may say that at all times he treated us with respect and as equals. Whenever he acted as our host he was most genial. On behalf of the C.C.F. group I wish to convey to the Prime Minister and to his colleagues our sympathy in their loss. To Mrs. Smith and the three daughters we extend our deep, heartfelt sympathy on the loss of a beloved husband and father.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am sure that if all those hon. members who would like to pay a personal tribute to the memory of the late secretary of state for external affairs were to do so it would require several hours. I, too, could pay a personal tribute because I suppose I had known the minister longer than any other hon. member of this parliament. It was my good fortune to attend the first class which he conducted as a lecturer at Dalhousie University after his appointment to that position. I remember his warm personality and the impression he made that morning when to a rather hard-bitten group, most of whom were veterans of world war I who had recently returned to Canada, he apologized for being a freshman in the presence of seniors. Over the course of the next month or two the students developed the use of the name Sid Smith by which he has been known ever since.

It is not on a personal basis, however, that I wish to speak this afternoon. I wish rather to speak on behalf of that ancient law school to which he contributed so much and where his name will be enshrined with those of Weldon and MacRae, the deans who predeceased him. I wish also to speak on behalf of that little, old province with its rich history from which he came, of which he was so proud and of which some of us heard him speak with such force and feeling within the last few days. I also wish to speak for that county from which Mrs. Smith comes, where her family and mine have been neighbours for years and where her forebears made such a significant contribution over the last two centuries.

On behalf of that law school, of that university, of that province and of that county I wish to express the sympathy of all those people to Mrs. Smith and to the daughters who, no matter how grievous the shock is at the moment, share the proud memory of a husband and father who attained the status of one of Canada's great citizens.

[*Later:*]

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house I would ask that we revert to motions in order to make a general reference to the state funeral arrangements for the late Hon. Sidney Smith.

Mr. Speaker: Has the Prime Minister leave to revert to motions?

Some hon. Members: Agreed.

Mr. Diefenbaker: In keeping with the general tradition, Mr. Speaker, a state funeral will be given for the late Hon. Sidney Smith.

The funeral will take place at 4 p.m. tomorrow at Chalmers United church. That being so, by unanimous consent of the house I move, seconded by the Minister of Public Works:

That when this house adjourns today it stand adjourned until 8 p.m. on Thursday, March 19, 1959.

Motion agreed to.

BUSINESS OF THE HOUSE

DISPOSITION OF AMENDMENT TO SUPPLY MOTION

Hon. Lionel Chevrier (Laurier): Mr. Speaker, if you will hear me I should like to discuss a point of order in an effort to be of assistance in dealing with the business of the house. At the moment there stands in the name of the Leader of the Opposition an amendment to the motion to go into supply. Since that amendment has now been put under orders of the day, and since it concerns Canada-United States relations, and as I am sure the late secretary of state for external affairs would have taken part in the debate, I have this suggestion to make on behalf of the opposition. Out of consideration for the memory of the late Mr. Smith we on this side of the house would be prepared to waive the second day to which we are entitled for consideration of the amendment, and if the government wished to call this matter as the first item of business today we would be prepared to vote on it simply by Your Honour calling for the yeas and nays and without a formal division of the house. I realize, of course, that this suggestion will require unanimous consent.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, on behalf of the government may I thank the hon. member for Laurier for his suggestion, which seems to me to be very fitting. If it is the wish of all members of the house we would ask that this particular item be called as the first order of business today.

Mr. Speaker: I think I called orders of the day, but we have not yet reached that stage on the order paper. If the house is prepared to deal at this time with the suggestion made, may I then ask if it is the wish of the house that the relevant order on the order paper be taken at this time and that the matter be disposed of as suggested by the hon. member for Laurier and concurred in by the leader of the house and the leader of the C.C.F. party? Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: May I also make it clear for the guidance of the officials of the house that in disposing of the amendment and motion by a simple division it is the intention that the supply motion will be considered to be disposed of as if there had been a two-day debate.

Mr. Chevrier: Yes, Mr. Speaker; and I presume the house leader will want to call the various departments he intended to call.

Mr. Speaker: And therefore there will not be a carryover of time under the rules. I appreciate this very amiable solution of a difficulty which was puzzling me to some extent. If it is agreed I shall now put the amendment and motion which stand on the order paper.

SUPPLY

CANADIAN-UNITED STATES RELATIONS

The house resumed, from Monday, March 16, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson.

Mr. Speaker: The question is on the amendment. Those in favour of the amendment will please say "yea".

Some hon. Members: Yea.

Mr. Speaker: Those opposed to the amendment will please say "nay".

Some hon. Members: Nay.

Amendment (Mr. Pearson) negatived on division.

Mr. Speaker: The question is on the main motion. Is it the pleasure of the house to adopt the motion?

Motion agreed to and the house went into committee, Mr. Sevigny in the chair.

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF LABOUR

General administration—

163. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences, $1,105,745.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

261. Departmental administration, $866,273.

DEPARTMENT OF SECRETARY OF STATE

372. Departmental administration, $303,040.

Progress reported.

STARRED QUESTIONS

C.B.C. BOARD OF DIRECTORS—RADIO INTERESTS

Question No. 10—**Mr. Caron:**

Is any member of the executive committee of the board of directors of the Canadian Broadcasting Corporation at present engaged in the business

of broadcasting or has any pecuniary or proprietary interest, as owner, shareholder, director, officer, partner or otherwise, in a broadcasting station or in the manufacture or distribution of radio apparatus?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I wonder whether the hon. gentleman will call this question again a week from now. I have information with respect to one person to whom he probably has particular reference, but I have had letters sent to each of the executive members to whom the question refers and I have not heard from them all. Therefore I would prefer to have the question stand for one more week and I will then give a complete answer.

Mr. Caron: I am willing to have the question stand.

Mr. Speaker: Stand.

Question stands.

C.N.R. RETRAINING PROGRAM

Question No. 39—**Mr. Fisher:**

1. Has the Canadian National Railways a retraining program in connection with personnel affected by automation and similar technical developments?
2. If so, how long has the program been in effect, what is its general policy, and how much money had been expended on it to March 1, 1959?
3. What numbers of employees have been retrained in the central region under such a program in the (a) running trades; (b) maintenance of way; (c) clerical branches?
4. On what basis is the employee's income calculated when undergoing such retraining?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answer to part one is yes. In regard to parts 2 and 3, the management of Canadian National Railways advise that generally speaking a program went into effect as new techniques and forms of mechanization became available, and its aim is to retrain personnel as required. It is not possible to provide an exact breakdown of the number or the cost of the program.

The answer to part 4 is that the employees usually receive on the job retraining and are paid the regular rates of the position.

[*Later:*]

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct to the Minister of Transport a question arising out of his answer to starred question No. 39. Would the minister consider informing the management of the C.N.R. that in the view of the questioner the answer is incomplete and evasive?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I would make this suggestion to the hon. member. I believe he is a member of the special committee which meets every year to go over the operations of the Canadian National Railways, and which will be meeting in a few weeks' time, and I suggest that he take that opportunity to question the president, Mr. Donald Gordon, just as thoroughly as he would wish to question him. I know he is capable of such thorough questioning.

ADVISORY BOARD ON OLD AGE ASSISTANCE, ETC.

Question No. 40—**Mr. Fisher:**

1. Is there a welfare advisory board made up of officials of the Department of National Health and Welfare, plus representatives from the provinces, which meets to discuss and review regulations and procedures in connection with matters such as old age assistance?
2. If so, how often and when has this board met since January 1, 1955?
3. Is any consideration being given to having this board meet in 1959?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, the answers are as follows:

1. Yes.
2. The advisory board has met once since January 1, 1955, the meeting being held in Ottawa on November 5 and 6, 1956.
3. Yes.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROBERT ALEXANDER CECIL HENRY

Question No. 41—**Mr. Fisher:**

1. Has Robert Alexander Cecil Henry, of 1405 Peel street, Montreal, been in the employ of or used as a consultant by the federal government since January, 1952?
2. If so, what was the nature of such engagements, how much remuneration did Mr. Henry receive annually, and what department or government agency was he paid through?
3. In this particular period, what positions outside of the government service did Mr. Henry hold?

EUROPEAN TRIPS, NEWSPAPER PERSONNEL

Question No. 244—**Mr. Fisher:**

1. Were any newspaper or syndicate employees transported to the United Kingdom and to Canadian bases in northwestern Europe during 1957 and 1958?
2. If so, what were the names of such people, their employees, and the dates on which they were transported?
3. Were services such as meals, accommodations, etc., supplied for these people? If so, to what persons, at what times, at what cost?
4. Who arranges such transport and makes arrangements for visits?

MOTIONS FOR PAPERS

ROADS TO RESOURCES PROGRAM, ONTARIO

Motion No. 23—**Mr. Benidickson:**

For a copy of all correspondence, and any agreements entered into between the federal government

and the government of Ontario since January 1, 1958, relating to the roads to resources program.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Stand.

Mr. Benidickson: Mr. Speaker, surely the minister should be able to bring down this return before the recess, perhaps next Wednesday. Can he say anything as to that?

Mr. Hamilton (Qu'Appelle): I doubt whether I will be able to bring down the answers to this motion for papers and motion No. 5 before the recess.

Mr. Speaker: Stand.

Motion stands.

EAST SAINT JOHN THERMAL PLANT, N.B.

Motion No. 25—**Mr. Robichaud:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government or any official thereof, and the provincial government of New Brunswick, or the New Brunswick electric power commission, with respect to the signing of an agreement for the construction of the East St. John thermo plant, for the period June 1, 1958, to date.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Stand.

Mr. Robichaud: This motion has been allowed to stand since January 27. Can the minister tell the house how much longer we will have to wait for the production of the papers?

Mr. Hamilton (Qu'Appelle): This matter is still under discussion between the two governments. I can give no indication at this time as to when I will be able to produce these papers.

Mr. Speaker: Stand.

Motion stands.

ROADS TO RESOURCES PROGRAM

Motion No. 30—**Mr. Argue:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government and each provincial government since April 1, 1958, regarding the "roads to resources" program.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I shall have to ask that the hon. member allow this motion to stand.

Motion stands.

NATIONAL MUSEUM—CORRESPONDENCE RESPECTING SCIENTIFIC PERSONNEL

Motion No. 70—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports of other documents exchanged between the Minister of Northern Affairs and National Resources or either of his deputy ministers, and Dr. James B. Griffin, director of the museum of anthropology of the University of Michigan, since 1955, relating in any way to the national museum of Canada and its scientific personnel.

Motion agreed to.

NATIONAL MUSEUM—REPORT BY JEAN GABUS

Motion No. 71—**Mr. Argue:**

For a copy of the report submitted by Mr. Jean Gabus to officers of the Department of Northern Affairs and National Resources on August 19, 1958, relating to the national museum of Canada.

Motion agreed to.

TRADE

OIL—REPORTED CANADIAN EXEMPTION FROM U.S. IMPORT RESTRICTIONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Trade and Commerce if he has any comment to make on a press report this morning from Washington to the effect that the United States government has decided that oil import restrictions imposed on the grounds of national security should not apply to Canadian oil?

Hon. Gordon Churchill (Minister of Trade and Commerce): I have seen the press report to which the Leader of the Opposition refers. We have been in communication with our officials in Washington, but have not had any confirmation of the report. We would welcome some arrangement such as is set out there, but we have no assurance that this will result.

SALT FISH—INQUIRY AS TO WORK OF INTERDEPARTMENTAL COMMITTEE

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I should like to ask if the Minister of Trade and Commerce is now in a position to answer the question I directed to him on February 27 with regard to a report on the progress made by the interdepartmental committee to discuss salt fish marketing with members of the industry in Quebec, Nova Scotia and Newfoundland?

Hon. Gordon Churchill (Minister of Trade and Commerce): I can assure the hon. member I will make a statement on that matter before the house rises for the Easter recess.

POLYMER CORPORATION

REQUEST FOR REPORT ON STRIKE THREAT

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I wonder if I might direct a question to the Minister of Labour which concerns the

labour-management situation at the Polymer Corporation in Sarnia. If a strike has been called, I wonder if the minister has any report to make to the house.

Hon. Michael Starr (Minister of Labour): The latest report I have received is that the dispute has gone through the ordinary processes of conciliation and the parties have been carrying on negotiations without arriving at a settlement. There has been a threat of the stoppage of work which, if carried to its conclusion, would continue until Wednesday of next week. It is to be done in progressive stages.

I have been in close touch with this matter, and only this morning dispatched telegrams to both parties urging them to continue negotiations and offering them the services of mediation through the labour department.

FINANCE

CANAL PROPERTIES—CONTINUANCE OF GRANTS IN LIEU OF TAXES

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of Finance of which I have given him notice. At the present time grants in lieu of taxes under the Municipal Grants Act are payable to municipalities for canals, canal lands and properties, which are soon to be taken over by the St. Lawrence seaway authority. My question is, what steps if any must the interested municipalities take to ensure that similar payments will be continued?

Hon. Donald M. Fleming (Minister of Finance): I thank the hon. member for giving me notice of his intention to ask this question. The Welland ship canal property of the Department of Transport is to be transferred to the St. Lawrence seaway authority as of April 1, 1959. From this date the responsibility for payment of grants in lieu of taxes on the property transferred will lie with the St. Lawrence seaway authority.

Municipalities containing Welland canal property wishing to continue to receive grants should make applications annually, beginning with 1959, to the St. Lawrence seaway authority on the prescribed application forms. These forms may be obtained by writing to the secretary, St. Lawrence seaway authority, No. 2 building, 70 Lyon street, Ottawa. For the year 1959 it will be necessary also to submit application forms to the municipal grants division in order to receive grants in lieu of taxes for the first three months of the year. While two sets of application forms will be necessary for this one year, there should be a minimum of confusion since the application forms used by the St. Lawrence seaway authority are virtually identical with those used by the municipal grants division of the Department of Finance.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. Is the formula in the case of the crown corporation the same as that in the case of the department for such municipal grants?

Mr. Fleming (Eglinton): So far as I am aware, but I think that question should be directed to the seaway authority.

Mr. Chevrier: May I ask the Minister of Transport if there is any difference between the formula for the payment of municipal grants by the corporation rather than by the department?

Hon. George H. Hees (Minister of Transport): I shall check up on that detail, Mr. Speaker.

AIR TRANSPORT

WESTERN AIRLINES—INQUIRY AS TO CHANGE OF WESTERN BASE

On the orders of the day:

Mr. D. R. Gundlock (Lethbridge): May I address a question to the Minister of Transport. It has been announced that Western Airlines, which for many years used Lethbridge, Alberta, airport as its Canadian base, hereafter will bypass Lethbridge in favour of Calgary. Is this change of policy one formulated by the government or by the airline itself, or is it the result of pressure from civic and other groups? Has the contribution of the city of Lethbridge and various groups therein in initiating, and for many years supporting, this air traffic between western Canada and the United States been fully recognized in this decision?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for his courtesy in advising me of his intention to ask this question. The hon. member for Medicine Hat has also made numerous inquiries about this matter. I am very glad to be able to answer as follows. In the discussions which took place last week the Canadian officials offered to retain, and urged the retention, of Lethbridge as a Canadian point of call on the trans-border route into Alberta, but the United States wished Calgary to be added as a Canadian terminal on this route in place of Lethbridge, rather than in addition to it. The agreement has had to be concluded on that basis. The position, however, is that if at any time a trans-border carrier wishes to serve Lethbridge I will be quite ready to make traffic rights available in Lethbridge for this purpose without any hesitation.

Inquiries of the Ministry

Mr. E. W. Brunsden (Medicine Hat): In view of the very great interest in this subject on the part of many men in southern Alberta, I should like to ask the minister if this matter could not be reopened with a view to using both airports, at Lethbridge and Calgary?

Mr. Hees: As I just pointed out, in our discussions last week we urged the United States to include Lethbridge as well as Calgary, but the carrier concerned was not willing to do so. However, if at any time a carrier is willing to call at Lethbridge, we will be pleased to provide the traffic rights.

HOUSE OF COMMONS

REQUEST FOR SHOWING OF DOCUMENTARY FILMS TO MEMBERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): My question is to the Minister of Citizenship and Immigration. In view of the particular interest of some members of the house in the work and productions of the national film board, would the minister inform the house if arrangements could be made for the showing of documentary films in the railway committee room on Wednesday evenings, for the information of members, their wives and guests? In fact I am asking whether a very good practice of some years ago could not be revived.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): As the hon. member has said, this was the practice some time ago, but the attendance at these showings was so low and the acoustics in the room were so poor that the showings were discontinued. Subsequently they were shown in another room in the house where the acoustics were a little better, but again the attendance did not warrant the time that was put on the showings.

Consequently this year the film board decided to make available showings of films in their own small theatre on Kent street, and invited small groups of parliamentarians. Since the hon. member himself was one of those who turned up, I am sure he will be interested to know that 30 persons were invited to attend the showing and three showed up. If there is any real indication that there is some support for such a program we shall be happy to resume showings, with the consent of Mr. Speaker.

CIVIL DEFENCE

REQUEST FOR STATEMENT BY MINISTER OF NATIONAL HEALTH AND WELFARE

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): I should like to direct a question to the Minister of National Health and Welfare. Having regard to the apparently serious aspect of the Berlin situation, will the minister tell the house if he has any further plans to step up civil defence?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I had expected that a statement on civil defence would have been made to the house prior to this time. Owing to unavoidable delays the statement had to wait a few days. I fully expect that this statement will be presented to the house later this week or, at the latest, in the first part of next week. I think possibly the question would be better answered at that time.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO FURTHER EXTENSION OF BENEFITS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, in view of the fact that we are to recess in a few days, may I ask the Minister of Labour whether or not he will be introducing the amendments to the Unemployment Insurance Act which were referred to in the speech from the throne several months ago, a measure which, as he will understand, will give relief to many thousands of persons now out of work and who cannot qualify for benefits under the Unemployment Insurance Act?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, as the hon. member knows the Unemployment Insurance Act is based on the insurance principle. No such amendment is contemplated in the amendments that will be placed before the house for approval.

ADMINISTRATION OF JUSTICE

RAINY RIVER—REQUEST FOR APPOINTMENT OF DISTRICT COURT JUDGE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to direct a question to the Minister of Justice. The Minister of Justice is aware of the fact that the district court of Rainy River has been without the services of a judge for a great number of months partly because the nominal judge for that district when he was appointed formally to the court in Toronto, had been serving in Toronto for many months. In consequence there is a great backlog of judicial work to be done in that county. I would ask the minister to consider this as an urgent matter, and I would hope there is to be an early appointment.

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker, I shall be glad to take into consideration what the hon. gentleman has said.

NATIONAL DEFENCE

AMENDMENTS RESPECTING COURT MARTIAL APPEAL BOARD, ETC.

Hon. G. R. Pearkes (Minister of National Defence) moved the second reading of and concurrence in amendments made by the Senate to Bill C-27, to amend the National Defence Act.

Motion agreed to, amendments read the second time and concurred in.

SUPPLY

The house in committee of supply, Mr. Sevigny in the chair.

INTERIM SUPPLY

Mr. Fleming (Eglinton) moved:

Resolved, that a sum not exceeding $616,654,878.69, being the aggregate of

(a) One-sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1960, laid before the House of Commons at the present session of parliament, $606,770,511.84;

(b) Five-twelfths of the amount of item 209 of said estimates, $791,666.67;

(c) One-third of the amount of item 38 of the said estimates, $216,666.67;

(d) One-sixth of the total of the amounts of items 175, 182, 183 and 358 of the said estimates, $713,163.17;

(e) One-twelfth of the total of the amounts of items 64, 210, 259, 384, 451 and 454 of the said estimates, $8,162,870.34, be granted to Her Majesty on account of the fiscal year ending March 31, 1960.

Mr. Chairman, the amounts proposed in the present resolution are those required to provide for the needs of the public service up to May 31. With the exception of 12 items, the proportion of the total item in the estimates is one-sixth or in other words the equivalent of a straight proportion of two months of the total.

In the case of the 12 items to which I have referred, there are special reasons why the amount is required in excess of the fraction of one-sixth, because these are expenditures of a type that do not fit the program of the year on an even, uniform basis, month by month. I point out to the house, Mr. Chairman, that even in the case of these dozen items in no instance is the total amount of the item being released by the present resolution and the bill to follow. The form of the bill to be presented is the same as that of interim supply bills passed last year.

I give the usual undertaking, Mr. Chairman, that the passing of this bill will not prejudice the rights and privileges of hon. members to criticize any item in the estimates when it comes up for consideration in committee of supply, and that the rights and privileges of hon. members in this regard will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Mr. Benidickson: Mr. Chairman, as the minister has indicated, only $10 million of the $616 million asked as interim supply for the first two months of the fiscal year starting April 1st involves more than one-sixth of the items appearing in the book of estimates for 1959-60. I am well aware that particularly today the house is not in a controversial mood. I am aware also that we are hoping very soon to have a budget which will give us a fairly extensive opportunity to discuss monetary and fiscal policies. On the other hand, despite that introduction I must tell the minister that inasmuch as he did on introducing the new estimates make a fairly extensive statement, which has not been made in that way for quite a number of years, not since 1954, I do take a little exception to the terms of his statement. I thought it was unduly slanted in a political direction, and I therefore feel obliged to say something to the committee at this time with respect to the 1959-60 estimates.

We all know that the minister was one of those who talked a great deal in the past about cutting expenditures. In the statement which he made, in the form in which he utilized the combination of figures, and in the place in his statement where he put what was a very interesting statement, I find that he made matters controversial and unduly political. I do not feel that this is desirable on the introduction of the estimates for the year, particularly as one knows that those who heard the statement on that occasion have had no advance notice of the items in the statement. They are very complicated and very difficult to reply to at that time.

One of the difficulties for members of the house hearing a statement of that kind is that a speaker often is not comparing oranges with oranges. The minister on that occasion directed his statement in such a way that we were really unknowingly, to many I am sure, comparing oranges with grapefruit, as one might say. He compared the first proposals of expenditure for the new year 1959-60 in the main estimates then tabled with the total expenditures in the main estimates of a year ago; with besides the supplementary estimates, plus supplementary estimates No. 1; and third, also supplementary estimates No. 2. He related the total of his proposed new expenditures for the forthcoming year to the main expenditures and these additional expenditures known to February 5 for the current year.

If one were comparing equals, what we really should consider is the fact that the main estimates for this year total $5,595 million, compared with $5,179 million at the same stage of proposed expenditures a year ago. That is an increase of $416 million. This, in itself, is confusing and I think that the minister in addition, putting at the top of his second paragraph this statement, has done something which has resulted in publicity favourable to him, perhaps, but I do not think it presents the true state of the financial proposals for the coming year. These were the words of the minister, as reported on page 705 of *Hansard* for February 5, 1959. This was the emphasis, the impression, he wanted to give, not only to this house but to the country at large. He said:

> The most noteworthy feature is that compared with those for the present year, 1958-59, these estimates provide for a decrease of $39.1 million in the non-statutory items.

Mr. Chairman, the minister and some of us on this side do at times find difficulty in reconciling our methods of calculation and arithmetic, but I would like the minister to tell us before the item is passed whether or not he has an explanation for what I consider to be a departure from a justifiable practice in arriving at his conclusion, namely that there was a reduction of $39.1 million in non-statutory expenditures. Because when I examine in the blue estimates book the statement that was prepared a year ago, presented to the press on May 13, 1958, it was calculated that the statutory items amounted to $1,788 million. This year when the minister is making a comparison between statutory items for last year and this year he refers to an item of $1,766.8 million. This I found very hard to reconcile; but afterwards I found that, differing from the similar press statement of last year, there has been omitted this year with respect to last year's statutory items an item of $12 million with respect to the C.B.C., which appears on page 10 of last year's estimates. In addition, in this new figure relating to last year's statutory items, the reference to $12 million for C.B.C., there is omitted $10 million with respect to a special statutory item of last year relating to taxation sharing with the provinces on electricity companies. The result is that you have $22 million which appeared last year as statutory but does not appear the same way this year. If the minister had used the same yardstick, he would not have been able to use the figure of $39 million, but it would have been $22 million less than the figure that he used so very conspicuously and prominently put at the masthead of his statement to the house and to the press, which was of course circulated to the country.

As I say, in addition to that he was comparing, not the main estimates this year with the main estimates at the same stage last year, but related to the main estimates plus all the known expenditures of last year up to date, which included supplementary estimates. This is certainly misleading, and with respect to the statutory item on the C.B.C. which was described as such in last year's estimates at page 10 I frankly cannot account for the failure to include that in the press release figure of approved statutory items for last year. With respect to the special compensation to the provinces of $10 million to which I have referred, I can see that there has been some change in the intended practice there because last year we did have a special statute which authorized this particular transfer of federal funds to the provinces. However, it had an expiry date limiting its application to one year. This year the item is apparently not intended to be a statutory item, because we have an item in the estimates presumably now non-statutory for this purpose.

The effect of this kind of bookkeeping is that the minister's figure of $39 million, representing so-called reductions of controllable or non-statutory expenditure, is larger than, I suggest, it is fair for the minister to use in deference to the house. I think matters of this kind should not involve sleight of hand or gimmicks, but that the minister should at all times be completely frank with the house and with the public. I should appreciate knowing why the two items to which I have referred were not included again in this year's press release and why the minister has changed the figure from $1,788.1 million, representing last year's statutory items, and used this year the figure of $1,766.8 million.

We have, of course, seen a great deal of inconsistency from the treasury benches this session in relation to what we were led to believe was to be the policy of the government and, in particular, the policy of the Minister of Finance in fiscal and monetary matters. I think the committee is well aware that the minister wasted no time after being sworn in to his present position in June, 1957 before meeting the press, and one of the many things he said would be accomplished under his guidance, as reported in the first paragraph of an article in the Ottawa *Journal* on June 26, 1957, at a press conference was an undertaking that he would declare war on waste and extravagance. I have indicated that comparing the main estimates this year with the main estimates last year we find an increase of $416 million. I recall some strong statements made by the minister when he was in opposition on this as on many other matters, and again I point out to the committee that he is unduly acrobatic, and that this is

another occasion when we are witnessing a very remarkable somersault.

I should like to make some general remarks to the minister in connection with interest rates, because in the statement he made on February 5 he pointed out that one of the chief items of increase in the estimates for the forthcoming year as compared with the current year was the item of an increase of $106 million accounted for by the necessity of paying larger amounts in interest on the public debt. It is in this connection that I find, in odd comments made by the minister during the present session, an unwillingness, again, to be frank with the house. I think that many of the minister's statements this session, particularly on the subject of interest rates, have been unduly fatuous and, indeed, vacuous. I will give the committee an example of what I have in mind. How can anybody either in this chamber or outside reconcile statements of the minister with his past onslaughts on tight money or, indeed, with the present facts in relation to high interest rates? On page 997 of *Hansard* the minister is reported as saying:

> No one can accuse the present government of doing anything to create an increase in interest rates.

All right. Would the minister say something about what this government has done to reduce interest rates? He says he has done nothing to increase them. I should like to know what is different about the present government's performance in relation to the central bank, the method of selling treasury bills, marketable securities or any other type of government security, from that which he criticized when he was on the hustings and talking about the tight money policy.

I regret having to point out some of the very unfortunate circumstances surrounding the cost of money today, not only to the federal government but to other governments and to the private commerce of our country. I know that we have been told, not only in recent debates but even last year—and when the Conservatives were in power in the thirties they had the same argument to make in reply to any criticism by the opposition; they inferred that criticism was disloyal and that the communists might hear it—

Mr. Fleming (Eglinton): Would the hon. gentleman permit me to interrupt him? Is he proposing now to embark on a full dress debate on these questions? I ask this because he, I think, must recall the words that were very often used in the past by my predecessors, particularly by Mr. Abbott, who consistently took the stand that a motion for interim supply was not an appropriate motion for opening up a general debate. Mr. Chairman, we are going to have a budget debate soon, and I call to the attention of all hon. members that an undertaking is always given by the Minister of Finance, when the present type of motion for interim supply is under consideration, that the full rights of all members will be respected and that they will be able to discuss any item of supply when it is called in due course in committee of supply. The whole purpose of such an undertaking is to avoid duplication of debate. It was never intended that a motion for interim supply should be the occasion for a full dress debate.

This is not a motion to resolve the house into committee of supply, upon which it would be appropriate to raise questions which might be called grievances, or to introduce amendments in relation to matters upon which the house might wish to divide. The hon. gentleman is familiar with these procedures, and has had experience with regard to them, having been parliamentary assistant to the minister of finance when this same position was consistently taken by my predecessors. He will appreciate that if a motion for interim supply is to be made the occasion for a general debate, it will simply mean that there is bound to be a very extended discussion. Is it not the wish of the committee that this course is the one which should be taken, having regard to the program which is still before us and the number of items to be passed before the Easter recess?

Mr. Caron: Mr. Chairman, may I refer to Beauchesne's Fourth Edition, page 192, 59(2), which simply says:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

As we are voting one-sixth of the whole budget for 1959-60, I think the remarks which are being made on the general nature of the administration are relevant, and even if it has been the custom in the past, on certain occasions, not to have a full-fledged debate on these matters I think the hon. member should be permitted to continue his remarks on the general nature of the estimates now before the committee.

Mr. Benidickson: Mr. Chairman, the Minister of Finance has done as his predecessors have done, and is pointing out that subsequent debate will not be denied to members of the house, because no one item is being completed under the resolution he is presenting. That never in the past restrained the Minister of Finance and his associates when they were on the opposition side of the house from debating particular items which they felt could not wait for the estimates to come up.

Mr. Fleming (Eglinton): That is not true.

Mr. Benidickson: That is certainly true. It reduced debate undoubtedly because we were

not going to discuss every item with respect to the numerous entries in the blue book but there never has been a denial of hon. members' rights at this stage to speak if they felt the requirement, on a particular item which in their opinion they felt was of sufficient urgency that discussion should not be delayed. I say that an item in the new estimates of expenditure that involves almost 25 per cent of the increase in expenditures amounting to some $400 million odd to which I referred is worthy of a little consideration at this stage. I am not trying to be unpatriotic in making some reference to this very important question. I intend to be brief with respect to it but I must point out to the committee that the bond market of this country is indeed in a real crisis with respect to confidence respecting federal government securities.

The interest rates that are being paid for federal bonds are at a differential in relation to those paid by high grade private corporate bond issues that was never so narrow as at the present time indicating that the traditional premium of confidence in federal government bonds does not prevail at the present time.

Mr. Fleming (Eglinton): Mr. Chairman, may I ask the hon. gentleman a question. Does he think it is a very responsible course to pursue the line he is following now knowing that the effect of it can only be to hurt the credit of this country when we have to go to the bond markets?

Mr. Benidickson: Mr. Chairman, on that point of order—

Mr. Fleming (Eglinton): That was not a point of order; it was a question.

Mr. Benidickson: I should like to answer the question. I expected my hon. friend to again raise some bogeyman of this kind in the hope that we would not have a debate here on dirty dishes he would like to keep from view. However, I am not introducing this thought. I was just about to tell my hon. friend that the financial editors of two of the best-informed newspapers in this country on monetary matters, the *Globe and Mail* of Toronto and the *Gazette* of Montreal, have had a great deal to say on this subject and that is public knowledge. I do not need to express an opinion if my hon. friend does not wish me to at this time. I shall simply say that about ten days ago Mr. Fraser Robertson the financial editor for the Toronto *Globe and Mail,* a newspaper that is very friendly to my hon. friend, was visiting western Canada and went as far as the west coast. In his column of March 2, he had this to say:

> As one investment dealer put it to me, the quickest way to lose the confidence of a client is to suggest he buy Dominion of Canada bonds.

Mr. Fleming (Eglinton): Mr. Chairman, would my hon. friend agree with that statement and take the responsibility for saying those words in this committee? Is my hon. friend prepared to make that his statement?

Mr. Benidickson: Mr. Chairman, I feel that for many weeks this country has awaited some decisive statement from my hon. friend or from the Prime Minister with respect to their policies on fiscal and monetary matters and even the budget is being postponed—

Mr. Fleming (Eglinton): It is not being postponed. You have been told when it is coming down.

Mr. Benidickson: It is the uncertainty with respect to policies and the attempt on the part of the government to ride two horses that is resulting in this lack of confidence in government bonds at this time.

Mr. Argue: They cannot stay on either one.

Mr. Benidickson: The Minister of Finance made an important speech that received a great deal of publicity on January 5 in Toronto. His talk seemed to emphasize the problem of inflation but in the speech from the throne that did not seem to be the matter that was concerning the Prime Minister. He referred to continued spending and deficits if necessary. I say that what is holding back confidence in government bonds is a lack of some decisive statement or action by this government. It is most unfortunate in my opinion that the budget was not introduced prior to the Easter recess.

Again to indicate this is something that is not being stated from a political basis—

Mr. Fleming (Eglinton): Oh, no!

Mr. Benidickson: —I offer to my hon. friend a statement by Mr. John Meyer, financial editor of the Montreal *Gazette,* a newspaper that is also friendly to the minister. The following statement appeared in an article published on December 9—

Mr. Fleming (Eglinton): December 9?

Mr. Benidickson: —in which Mr. Meyer said:

> The investor no longer believes the government can, or will, restrain inflation.

Only a budget and the stated intentions of the government for next year would indicate whether or not the government is concerned in a serious way about restraining inflation. The article goes on to state:

> This fear has become increasingly apparent over the last few months. It was offset, at first, by compensating increases in return and other attractions inherent in a government bond.

There is another feature to which I hope the minister will give consideration. This has

been causing me alarm in recent weeks and I believe it also requires some very decisive action on the minister's part. All hon. gentlemen know that we recently had the floating of two fairly short term bonds, one at a nominal coupon rate of 2¾ per cent for 13 months and the other at 3 per cent for one year, 9½ months. The thing that is worrying me and which I draw to the minister's attention because I feel it will be helpful to him in consideration of budget proposals to which he will be giving very rapt attention over the recess is the fact that there seems to be an unseemly and unholy competition on the part of public borrowers—and I include the federal government, the provinces and the municipalities—in seeking from the public funds with a silent gimmick or attraction, namely bonds sold at a discount which when one relates it to an income tax rate results in very expensive cost for public money.

In January of this year the province of New Brunswick floated bonds which carried a coupon rate of 2½ per cent but by reason of the discount and short term the effective rate will be 4.75 per cent. I am told that one of the municipalities in Quebec has been utilizing this gimmick to the extent that it offered money at a nominal rate of 1 per cent but the non-taxable discount was so substantial that it still had attractions for borrowers because they believed they would not be responsible for income tax on the difference between the par value of the bonds and the discount prices at which they got them.

Mr. Fleming (Eglinton): Mr. Chairman, would the hon. gentleman care to give the date of the municipal issue to which he refers?

Mr. Benidickson: I refer to the municipality of Malartic.

Mr. Fleming (Eglinton): And would my hon. friend give the date?

Mr. Benidickson: I have not got it.

Mr. Fleming (Eglinton): I think my hon. friend will find it was several years ago under the previous government.

Mr. Benidickson: I am not so informed by the Bank of Canada. When I inquired yesterday the date was not given me. I have cited this as a recent illustration of what is happening. Hon. members of the committee know that except in the provinces of Quebec and Ontario any tax advantage in the matter of floating bonds of this kind is at the expense of the federal income tax collections and so unless this thing is straightened out the minister himself will find that the federal treasury will be losing in taxes on these highly discounted bonds for short terms whether his or offered by other governments.

I want to give a little illustration of what the actual value was of the most recent flotation of federal bonds by the minister. I will refer to the 2¾ per cent bonds due, as I said, 13 months after issue, $85 million of which was subscribed. This bond will go up $20 per thousand in 13 months.

Mr. Fleming (Eglinton): My hon. friend says "subscribed". He knows it was over subscribed and that was the limit of the allotment.

Mr. Benidickson: My friend has boasted about oversubscription. I want to indicate to the house why this bond has perhaps proved satisfactory to the extent that it was oversubscribed.

Mr. Fleming (Eglinton): Don't say $85 million was subscribed.

Mr. Benidickson: In the minister's advertisements to the public the issue is referred to as 2¾ per cent, due April 1, 1960, issued at 97.90, a discount from 100 to yield on that basis 4.76 per cent. I want to point out to the minister that the corporation tax is approximately 50 per cent and that a great number of the personal taxpayers who buy bonds are paying on the last portion of their income an income tax of at least 50 per cent. The result is that people in that category who buy these bonds would have to get an annual yield of 6.6 per cent on another bond sold at par in order to net this amount. That is how attractive the minister has been forced to make his interest rates for his purposes.

Mr. Fleming (Eglinton): Surely my hon. friend is not going to leave on the record a shockingly misleading and inaccurate statement of that kind. The hon. member knows perfectly well how interest rates are calculated, and if anybody paid any attention to his last statement it could not possibly fail to do very serious mischief. I ask the hon. member if he does not think that a sense of responsibility would dissuade him from making a shocking statement of that kind.

Mr. Benidickson: I will spell out how attractive it is and the type of argument that is made by the sellers of these bonds to people who, as I say, may have an income tax rate of 50 per cent. A person or corporation paying a 50 per cent tax would receive in a year after paying tax $13.75, being one-half of a 2¾ per cent coupon, plus $19.32—I am using a year as the basis although the issue was for 13 months—being twelve-thirteenths of $21. The result is that he receives in that year a benefit of $33.07 per $1,000 bond after tax. I repeat that to net that amount on another bond sold at par he would have to get an annual yield of 6.6 per cent.

But the point I am making is that there is unseemly competition going on between

public bodies in this respect, and I hope the minister will consult the provinces about this because on the facts—

Mr. Fleming (Eglinton): Will the hon. member recall that bonds were issued at a discount under the previous regime where it happened to meet the needs of the market at the particular time, even when he was parliamentary assistant to the then minister of finance? This is nothing new at all.

Mr. Benidickson: I will challenge the minister to give the house particulars of returns from government bonds in any recent flotation by the former government or going back for many years that netted to a taxpayer paying a rate of 50 per cent a yield of 6.6 per cent as a result of the use of this feature of discount which is non-taxable.

Mr. Fleming (Eglinton): The hon. gentleman is running away from my question completely.

Mr. Benidickson: Not at all. The minister has all the information. He says that this feature of the federal government losing the income tax is something that he can attribute to the previous government in similar conditions in recent times, and I simply ask him to inform the committee of those facts. In addition, I have always heard from the minister that interest rates in Canada have been rising recently simply because of our proximity to the United States. It just happens that in recent weeks, Mr. Chairman, while rates in Canada have been rising very markedly, the trend has been the very opposite in the United States, and I do not see the validity of that kind of argument.

Mr. Fleming (Eglinton): That is not true.

Mr. Benidickson: The point I really want to draw to the attention of the house—

Mr. Fleming (Eglinton): Does the hon. member say that interest rates in the United States have been going down? Did I hear him say such a thing?

Mr. Benidickson: Yes.

Mr. Fleming (Eglinton): Then I am sorry, Mr. Chairman, that my hon. friend is not better informed as to the facts because the facts are dead against him.

Mr. Benidickson: I will put a quotation on the record and the minister can correct me if I am wrong. We do not have the sources of expert information that he has. I simply have to do my own reading. In the *U.S. News and World Report* of March 9 I find the following:

> Short term interest rates have declined despite the firm hand of the federal reserve on credit supplies. The treasury on its February 23 offering of 91-day bills accepted an interest cost of 2.589, down from 2.726 the week before and 3.035 on January 19.

I think this statement, Mr. Chairman, is a direct challenge to the minister. When questioned on the matter of interest rates and government action to encourage raising them or to prevent them from rising, he has always taken the attitude that he has nothing to do with it. He says he sits in a vacuum and lets the money market settle the matter. If there was anything that the government did to bring interest rates down after they came into office I should like to hear about it. On January 27, 1958, as found at page 3852 of *Hansard*, the minister had this to say:

> That tight money policy has now been eased in line with the policies of this government.

In other words, when interest rates were declining he took credit for it but when interest rates have been rising rapidly he absolves himself from any responsibility. He says that he is a complete neutral.

Mr. Fleming (Eglinton): I am no neutral.

Mr. Benidickson: On November 25, 1957, and this is another example of the political advertising the minister does with respect to this very important problem—

The Chairman: Order. I regret to interrupt the hon. member but I must advise him that his time has expired.

Mr. Benidickson: I just have a three-line quotation.

The Chairman: Does the committee consent?

Some hon. Members: Agreed.

Mr. Fraser: Let him get it off his chest. It is not very good anyhow.

Mr. Benidickson: This is what the minister boasted to the federal provincial conference on November 25, 1957:

> Here in Canada, quietly and gradually over the last three months, the tight money situation has been eased. Those whose business it is to follow the bond market will have noticed it—and that includes many of you here—but it has not attracted as much attention as one would think it has merited. Interest rates have declined.

I simply say to the minister that if he takes credit for his administration when rates decline will he give the committee some explanation of present government policy because there has been a very marked increase in rates in recent times?

Mr. Herridge: Mr. Chairman, I rise to deal with two questions which I assume I can deal with properly on going into interim supply. They come under the administration of the Prime Minister and the Minister of Justice. According to the Prime Minister, the

government has made a decision in the one case and as to the second we presume that the matter is still under consideration. The two questions I wish to deal with this afternoon on behalf of this group are the request on behalf of the Canadian Labour Congress for inquiry into the unfortunate and regrettable incidents in Newfoundland and the request for a judicial inquiry by the premier of the same province.

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend has indicated that he approaches these matters as on a motion to resolve the house into committee of supply. May I point out, Mr. Chairman, that this is not that situation at all. We are not on a motion to resolve the house into committee of supply, we are in committee of supply now. May I point out to the hon. gentleman that the subjects he is proposing to discuss now are surely not appropriate for discussion on interim supply, that is, discussion in committee of supply. If my hon. friend is looking for a place to discuss this question there will be an item in the supplementary estimates dealing with the Royal Canadian Mounted Police.

Mr. Robichaud: The minister will object.

Mr. Fleming (Eglinton): Whatever may be appropriate for discussion there may be discussed, and whatever is improper obviously will not be permitted. But I do urge that this is not the place to discuss matters as though this were a motion to resolve the house into committee of supply. This is not such a proceeding at all.

Mr. Herridge: I cannot agree with the contention of the Minister of Finance. The minister is asking for supply and I understand this request covers all departments. We have a right when the minister is asking for supply for a department to go into any question concerning that department. In support of that contention I want to quote from May's 16th edition, page 739:

> Matters which can be discussed upon the grant on which an advance is sought, may be discussed, in anticipation, upon the motion for the grant on account; though the proper occasion to examine the grants in detail is when the final grant to complete the sum demanded is proposed to the committee.

Mr. Fleming (Eglinton): That last statement is the important one. I do point out to my hon. friend that once we are through with interim supply we are going to have before the committee the supplementary estimates for the year 1958-59. It seems to me that whatever may be relevant to the item for the Royal Canadian Mounted Police should be said there, and not on this present proceeding in committee of supply.

Mr. Herridge: According to the rulings that have been made in connection with dealing with supplementary and further supplementary estimates, we have been tied very closely since this government came into power to the actual item under discussion. The matters I wish to raise here go somewhat wider than that. I think this is the appropriate opportunity to discuss a matter of very urgent concern to the Canadian people.

The Chairman: I must bring to the attention of the committee that the item which was read by the hon. member for Kootenay West can be found on page 739 of May's 16th edition. This paragraph reads as follows:

> Matters which can be discussed upon the grant on which an advance is sought, may be discussed, in anticipation, upon the motion for the grant on account; though the proper occasion to examine the grants in detail is when the final grant to complete the sum demanded is proposed to the committee.

It is the opinion of the Chair that this question concerning Newfoundland should be discussed when the detailed estimates are brought forward, but not at the present time. Actually, at the present time we are in committee of supply and discussing the estimates on a very broad, general basis. It is the opinion of the Chair this is not the appropriate time for discussing the matter to which the hon. member for Kootenay West refers. It would be preferable, in my opinion, to discuss the matter under the detailed items.

Mr. Benidickson: May I speak to the point of order? I feel that this is something which involves the rights of all members of the opposition. I feel that the suggestions of the minister are quite contrary to the practice of this house over a great number of years. I could not, if I were in the position of the hon. member for Kootenay West, agree to the suggestion of the Minister of Finance because recently we have had other supplementary estimates before the committee and I thought the minister was unduly technical. As I say, he completely ignored the practice that he and the present Prime Minister advocated when the supplementary estimates were being considered under the former administration.

I would ask him to cite any illustration in recent years when supplementary estimates were under consideration when points of objection were taken by the former government that was then in power similar to those he took earlier this session in the debate on the

supplementary estimates. I feel that we would end in a trap, in view of the rulings that were made, if it was agreed to postpone discussion of this particular subject, the Royal Canadian Mounted Police.

I put forward this thought to Your Honour. Would it not be possible for a member of the house at this time to move that we do not vote one-sixth of the supply for the months of April and May for a particular item, such as the administration of the mounted police, because certain members are not satisfied that the committee has had an adequate opportunity to discuss the program of that force for the two months for which the force is being given this blank cheque?

Mr. Regier: Before you make a final ruling on this matter, Mr. Chairman, I may say that your early indication would leave serious implications for us. Never in my six years of experience has the opposition been prevented before on an interim supply motion from discussing something that broadly affects the policies of the government—

The Chairman: I regret to interrupt the hon. member for Burnaby-Coquitlam, but I should like to inform him and the hon. member for Kenora-Rainy River that the Chair did not rule out the debate on the present matter. It was simply a request that was made that this matter to which the hon. member for Kootenay West referred be discussed when the detailed estimates come along. This was a request made in line with the paragraph to which the hon. member referred in May's 16th edition.

It is stated in the latter part of the paragraph:

> —the proper occasion to examine the grants in detail is when the final grant to complete the sum demanded is proposed to the committee.

The Chair has not ruled out of order the debate upon which the hon. member is starting, but has simply requested that members limit their remarks as much as possible to matters of a general nature on these items. I must also bring to the attention of the hon. member the fact that since we are discussing the question of supply we cannot allow debates to stray into all fields, in all directions, and consequently if this matter is discussed it will have to be debated with the greatest possible respect for the question of relevancy.

Mr. Herridge: Mr. Chairman, I thank you for your opinion in this connection. It was not my intention to go into the details of these estimates. We intend to go into them very fully when the main estimates come before the committee, at which time the ministers and departmental officials will be here. What I am dealing with is something more in the line of general principles which concern the Prime Minister and the Minister of Justice.

As I said before, I was going to deal first with the request of the Canadian Labour Congress for an inquiry into the unfortunate and regrettable incidents in Newfoundland, and a similar request for a judicial inquiry by Premier Smallwood to the Prime Minister of Canada.

Mr. Fleming (Eglinton): Let us clarify this matter for the guidance of us all. My hon. friend has indicated he is proposing to initiate a debate on a subject which concerns the Prime Minister and the Minister of Justice. This emphasizes the point that I was seeking to make earlier, Mr. Chairman, a point which has been recognized in this house all the time that my hon. friend and I have been members of this house. When the house is in committee of supply for the purpose of granting interim supply we do not have debates involving other ministers. The Minister of Finance is the only minister who takes part in the discussion of interim supply. This has been the invariable practice all the time my hon. friend and I have been in the house.

If he wishes to find an occasion for debating the question that he has indicated, one involving the Prime Minister and my colleague the Minister of Justice, I can assure him this is not the occasion. I have no doubt, that my hon. friend will have other occasions. However, this is not the occasion. If I may say so, my hon. friend approaches this matter as though this were a motion to resolve the house into committee of supply on which he can raise grievances or introduce amendments to test the feeling of the house on a particular issue that he chooses to raise as a grievance. But that is not the situation we are in now. We are in committee on this motion for interim supply.

Mr. Herridge: Mr. Chairman, I certainly cannot agree with the Minister of Finance that in the absence of other ministers he does not represent them in dealing with interim supply or supplementary estimates. That matter has arisen on a number of occasions throughout the years. If he were in interim supply or on supplementary estimates he would answer for the minister who was not present.

Mr. Fleming (Eglinton): Quite so. Let there be no misunderstanding. I am here to answer with respect to the present motion within the proper limits of the present proceedings. My hon. friend has indicated he wishes to raise a matter or to initiate a debate on a matter that properly calls, as I understood him to say, for the presence of

the Prime Minister and the Minister of Justice. I emphasize that this is not the time for that kind of debate.

The Chairman: It is not my opinion that actual matters affecting the departments of ministers who are not in the house cannot be debated even during the ministers' absence. However, once again, in line with the remarks I made in my ruling a few minutes ago, I must remind hon. members that since we are at present in committee of supply debating an interim supply matter we should limit our remarks more to matters concerning sums of money rather than other principles. Otherwise the principle of relevancy would not be observed. I must therefore ask hon. members please to try to restrict their remarks to the matter that is being discussed at this time.

Mr. Herridge: Mr. Chairman, I am taking advantage of the minister's coming before the house and asking for interim supply. In this interim supply the minister is asking for money that would go to Newfoundland for the services of that province. I do not see how one can talk about money only without talking about policy in relation to the money, its expenditure and the surrounding circumstances.

Mr. Chairman, I have had two starts. I hope I can get away satisfactorily this time. I would have been finished now if the Minister of Finance had not got on his high horse. I should remind him, Mr. Chairman, that when I am talking, no other member of this group is talking because we have only opportunity to talk one at a time. I must say that we were extremely sorry about the reply the Prime Minister made the other day to the request of the Canadian Labour Congress and to the request of the premier of Newfoundland that an investigation be conducted into these unusual happenings in Newfoundland. We think such an investigation would have been of great advantage to all parties concerned. I think it was wanted by a large number of people in Canada and that it would have established the truth in these matters where there are such wide differences of opinion.

In that connection before proceeding I want to refer to the hon. member for Bonavista-Twillingate whom I had the dubious pleasure of witnessing on "Press Conference" last night and his vigorous defence of the loss of freedom of choice of the Newfoundland people and their rights and his, I must say, amazing performance in which he was able to reconcile opposites and make national Liberal policy and provincial Liberal policy appear as one. The hon. member said this, and I wish he were in the chamber because I do not like talking about members when they are absent. These are the words used by the hon. member for Bonavista-Twillingate on "Press Conference" last night when being interviewed by the press men. He said in part:

> I talked to Mr. Knowles about this at the press gallery dinner. I don't think it was a private conversation.

As a matter of fact, I made inquiry of Mr. Knowles and he tells me that it was a private conversation. The hon. member for Bonavista-Twillingate went on to say this:

> I asked Mr. Knowles why it was that the I.W.A. had jumped all the way from British Columbia to Newfoundland. He said that was a difficult question and he didn't try to answer it.

My point is this, Mr. Chairman. I think it is somewhat unethical to quote from a private conversation on a press conference in this country, and particularly a private conversation at a press gallery dinner which even the press itself treats as being so confidential that never a line appears in the papers about it. I am rather surprised at the hon. member for Bonavista-Twillingate doing that. I am sure that the members of the committee generally will consider his remarks to be somewhat unethical. If we were all to go on "Press Conference"—

The Chairman: Order. I must with regret tell the hon. member for Kootenay West that his present remarks are quite out of order. If I heard them correctly, he is at present criticizing the reference which was made at a press conference to a private conversation and his remarks are directed mostly to the question of the ethics to be observed under certain circumstances. This matter has no reference to the item under discussion. I must therefore tell him that I must rule these remarks out of order.

Mr. Herridge: Thank you for your ruling, Mr. Chairman.

An hon. Member: They got on the record.

Mr. Herridge: I shall have to complete my remarks on a question of privilege later. But in any event I was extremely sorry to observe his course of action because I do not think it was quite up to the hon. member's usual standard. Now I do not know quite where I am at.

An hon. Member: You are in the woods.

Mr. Herridge: Anyway, we in this group urge the members of the government to give reconsideration to their decision with respect to this request for an inquiry into the whole situation in Newfoundland. It is not too late for this matter to be reconsidered. We

feel that a great deal of good could be done by establishing the truth in this situation.

I do not know whether or not I am going to be out of order again, but I must say that when I was listening to the hon. gentlemen in the official opposition on a number of occasions asking questions of the Prime Minister on the matter I thought to myself, "Whatever has happened to the Liberal party? It is a different party from what it was when I belonged to it". I knew an old gentleman in my district who was president of the district Liberal association. In order to show the deterioration, I just want to tell of an incident.

The Chairman: Order. I know that the remarks of the hon. member are most entertaining but once again I must tell him that they have little reference to the item under discussion. I must therefore once again, and with regret, rule his remarks out of order.

Mr. Herridge: Thank you, Mr. Chairman. I shall be obliged to deal with that incident of the supplementary estimates on the recommendation of the Minister of Finance. I now get on to the second question. The C.C.F. believes that the government of Canada should disallow this unfortunate legislation that was recently passed in Newfoundland. There is no question about the authority of the government in that respect in support of that proposal.

Mr. Chairman, I notice you are repeatedly turning and looking at me, but I am eliminating some of my notes from time to time. Therefore it is most difficult for me to retain a normal continuity of argument. I see that the hon. member for Essex East is looking at me, and I am going to quote from a law book, the Canada Supreme Court Reports for 1938, with respect to the power of disallowance. On page 72 I find a reference is made with respect to this question of disallowance. There are four questions to be answered. The first question is:

> Is the power of disallowance of provincial legislation, vested in the governor general in council by section 90 of the British North America Act, 1867, still a subsisting power?

The decision of the supreme court, which is found on page 80, is:

> Question 1. Yes. The power of disallowance is and remains in full vigour.

The second question is:

> If the answer to question 1 be in the affirmative, is the exercise of the said power of disallowance by the governor general in council subject to any limitations or restrictions and, if so, what are the nature and effect of such limitations or restrictions?

The answer to the second question is:

> Question 2. The power of disallowance by the governor general in council is subject to no limitation or restriction whatsoever, save that it has to be exercised within the period of one year after receipt of the Act by the governor general;

Question 3 is:

> Is the power of reservation for the signification of the pleasure of the governor general of bills passed by the legislative assembly or legislative authority of a province vested in the lieutenant governor by section 90 of the British North America Act, 1867, still a subsisting power?

Then the answer in the judgment is:

> Question 3. Yes. The power of reservation is and remains in full vigour.

Then question 4, which is on page 73, of the report, is:

> If the answer to question 3 be in the affirmative, is the exercise of the said power of reservation by the lieutenant governor subject to any limitations or restrictions, and if so, what are the nature and effect of such limitations or restrictions?

Then the answer is to be found on page 80:

> Question 4. The exercise of the power of reservation by the lieutenant governor is subject to no limitation or restriction whatsoever, save that the lieutenant governor is, under the terms of section 90 of the British North America Act, required to exercise the power "according to his discretion but subject to the provisions of the said act and to the governor general's instructions."

Mr. Chairman, that is placed on the record for the information of people who are very interested in this question.

Now I want to deal for a moment or two with the Prime Minister's attitude toward the question of the right of association. We have all heard the Prime Minister speak on that subject in the house over a period of years, either when he introduced his resolution urging the bill of rights and fundamental freedoms or when he was supporting a similar resolution introduced by the former member for Rosetown-Biggar. I find in that connection on page 2857 of *Hansard* for April 12, 1948 that the Prime Minister had this to say when he was then a member of the opposition. On this important question he said:

> If a municipal authority has the right by licensing, by imposing a licence fee, to deny the privilege of practising one's religion it then can do indirectly what it cannot do directly. I suggest to the Prime Minister as the culminating act of his career that he give to Canadians everywhere the assurance of full rights of equality in Canadian citizenship which was placed on the statute book by his government, by amending the Supreme Court Act to give the individual the right to the preservation and maintenance of his freedoms against provincial intrusion wherever it occurs.

Then again on page 3153 of *Hansard* for May 16, 1947, the Prime Minister had this to say in a similar debate:

> We have political rights; what about the individual rights? After all, denying the individual

his rights denies freedom. Our British heritage gave us our national freedoms. Our individual freedoms are maintainable only at the caprice of the government of the day. If we acknowledge the right of a government to declare the non-existence of these freedoms, while at the same time the great charters proclaim their existence, we deny those freedoms unless we permit the aggrieved individual recourse to the courts.

Then again at page 3158 on May 16, 1947, in the same debate the Prime Minister had this to say:

A declaration of a Bill of Rights in this country would be a positive declaration on the part of men and women of all political faiths in their belief in civil liberties. Whether the federal authority has the power or not to pass legislation respecting civil liberties, its passage would strengthen the hand of the Minister of Justice in the matter of the disallowance of any statute which would deny freedom anywhere in our country.

Now, Mr. Chairman, we all know the very strong stand which the Prime Minister has taken throughout the years with respect to fundamental rights and human freedoms and the protection of the individual in this country. And we are all quite certain that that is his opinion today. That is why we are making this appeal to him with respect to this legislation recently passed by the legislative assembly of Newfoundland. As a result of the passage of this legislation the Canadian Labour Congress has made representations to the government of Canada, and on March 10, 1959 senior officials of the Canadian Labour Congress presented the petition of the congress to the governor general in council for disallowance of the Newfoundland trade union (emergency provisions) act, 1959. This petition mentions at great length—

The Chairman: Order. I must regret interrupting the hon. member again. I have listened to the text which he read from the law book he referred to; I have also listened to his comments on the Prime Minister's remarks on civil and human rights. In connection with the latter part I must inform the hon. member that there will be a debate on this bill of rights and I do not think that this is the proper time to discuss that particular item. Furthermore, in connection with the allowance or disallowance by this house of the measures taken by provincial legislatures, I must advise the house that the disallowance of provincial laws is not one of the functions of the dominion parliament. This is clearly expressed in Beauchesne, fourth edition, page 135, item 161, which reads as follows:

Disallowance of provincial laws is not one of the functions of the dominion parliament. The fact that this subject is dealt with in section 90 of the British North America Act and not in section 91 shows clearly that the legislator did not intend to include it with the residue of powers vested in the dominion parliament. The only authority that can disallow provincial laws is the governor in council. As the governor in council is responsible to parliament, the House of Commons may criticize the action taken by the cabinet in cases of proposed disallowances, but a member cannot raise a debate on a provincial act on the motion to go into supply.

Since the only power enjoyed by our House of Commons in matters of disallowance is to criticize the action of the dominion government after it has either disallowed or refused to disallow a provincial act, it follows that the house must await government action before taking the matter up. If the house considered the act before the expiration of the one-year period during which council must give its decision, it would exceed its own jurisdiction.

When the year within which disallowance may take place has expired, the government's action or inaction may be discussed in the House of Commons. The practice usually followed has been to wait until the question of disallowance has been decided upon by the government and then to move for the production of papers relating thereto.

The adoption of a resolution calling upon the government to disallow a provincial act would be an encroachment by the House of Commons on the powers of the Legislative Assemblies as set forth in section 92 of the British North America Act. Such a resolution was moved in the Canadian House of Commons on the 15th of May, 1873, but it was severely criticized and never accepted as a precedent.

Lefroy, "Canada's Federal System", says, page 32: "Moreover the Dominion House of Commons cannot constitutionally interfere with the operation of provincial acts by passing resolutions urging their disallowance by the Governor-General." And Lefroy quotes Lord Kimberley's dispatch of June 30, 1873, saying that: "If such a resolution were allowed to have effect, it would amount to a virtual repeal of the section of the British North America Act, 1867, which gives the exclusive right of legislating on these matters to the provincial legislatures."

Consequently, the Chair must rule that a debate on this question on disallowing actions taken by a provincial legislature is out of order and cannot be permitted.

Mr. Herridge: I accept your ruling, Mr. Chairman, and in conclusion I will simply say this: that had I been permitted, according to the rules, I would have asked the government on behalf of this group to disallow this most unfortunate legislation in order to protect the rights of the Canadian people.

Mr. Carter: Mr. Chairman, since you have permitted the hon. member for Kootenay West to put on record in *Hansard* certain statements concerning recent legislation in Newfoundland I hope you will accord me the same privilege so that I may correct the impressions he gave to this committee in the course of his argument that the legislation should be disallowed.

Mr. Fleming (Eglinton): Order.

Mr. Carter: I am asking for the same privilege as was accorded to the hon. member for Kootenay West.

The Chairman: It has just been ruled that all debate on this particular matter of the allowance or disallowance of a decision taken by another legislative assembly is out of order. Consequently, I cannot permit the hon. member for Burin-Burgeo to continue his remarks on this subject.

Mr. Carter: On a point of order. I think Your Honour has misunderstood the position. I have no intention of debating the question of disallowance. I merely wanted to correct certain wrong impressions which you permitted the hon. member for Kootenay West to put on record in *Hansard*.

The Chairman: Provided the hon. member confines himself within the regulations governing our procedures and the ruling which has just been made, he may continue his remarks.

Mr. Carter: I realize that all this is out of order, but since the hon. member for Kootenay West has been out of order and placing statements on record in *Hansard* ever since I entered this chamber, I think I should be given the right to say one word.

The Chairman: It is quite impossible for the Chair to rule an hon. member out of order until he has made a statement which puts him out of order. It is quite true that the statements made by the hon. member for Kootenay West were reported in *Hansard*, but a ruling was made, and the fact that he was ruled out of order does not entitle any other hon. member of this house to make a statement which would be out of order, especially if he advises the committee in advance that his statement will be out of order. I regret that I cannot permit the hon. member to make such a statement.

Mr. Carter: I have not made any statement yet. I hope you will permit me to make one. What I was going to say was that the hon. member for Kootenay West placed on record certain statements which implied that the legislation to which he referred, and which has recently been passed in Newfoundland, took away certain rights from the citizens. I want to tell the committee that that is not the case. That legislation did not take away the rights of any citizen of Newfoundland or of Canada. It merely took away from a union the right to bargain and that, as was ably pointed out last night on television, was not a right but a monopoly.

The Chairman: I must tell the hon. member that he is at present referring to a matter which comes under the jurisdiction of another legislature and that it is not permissible for him to discuss matters which concern one of the provinces. With regret I must therefore tell him that he is out of order.

[Mr. Carter.]

Mr. Caron: Mr. Chairman, I think you will be satisfied if I begin by saying that I do not intend to follow the pattern traced by the hon. member for Kootenay West. Neither do I wish to delay the committee for very long before accepting this motion for interim supply.

May I, however, express regret that members of the civil service and especially those in the lower income brackets have not been looked after better during the past year. Many demands have been made on their behalf for increases in salary. This matter has come before the cabinet for consideration month after month, but a decision has always been delayed and nothing has been done. Meanwhile, salaries all over the country have been increased because the cost of living has increased. Employees of the government are now placed in a worse position than that of any other Canadians working at the present time. We know that post office employees all over Canada have protested. They have protested in Montreal, in Toronto and in Winnipeg and they intend to protest in Ottawa next Sunday. They have a right to ask for higher pay. There are people working for the government of Canada who are earning as little as $2,300, $2,500 and $2,800 a year. There are many people earning that latter figure. This means a wage of $40 or $50 or $56 a week. When one deducts income tax and other charges, one finds that the take-home pay is, in certain cases, as little as $40 a week. For a man who is married and who has children, it is almost impossible to live on such a salary.

The recession we are encountering today cannot be compared with the recession of the thirties. When that recession was in progress, though it is true there was an increase in unemployment, there was a decrease in the cost of living. The civil servants at that time did not ask for an increase because the cost of living was so low that they were able to take advantage of the situation. But at the present time, even though there has been an increase in unemployment there has also been an increase in the cost of living, and a very marked increase, too. That is why we say that the employees in the civil service are today, because of this rise in prices, in a worse position than that of any other employees.

Today it has become almost impossible for a civil servant to live on the same level as the rest of the comparable working force in Canada. That is one of the reasons why the wives of civil servants have to leave their children in the care of others and take employment to fill the gap and supplement the low income received by their husbands. The only thing this body seeks at this time is to have

the government take a responsible position toward the people who receive salaries as low as $2,500 or $3,500 a year. It is practically impossible to live on these wages. If you examine the records you will see that a great majority of civil servants receive less than $3,000 a year.

I feel the time has come for the government to take action in this regard. Our budgets are constantly increasing and are greater than ever before in our history but nothing is being done to help those who are most in need, the civil servants of Canada. I hope the government will stop spending in every direction without first taking care of greater and more immediate needs.

When the post of the chairman of the civil service commission was vacated another should have been appointed. I suspect the government did not take action in this regard because it did not want to revive the question of civil service salaries. If it were to meet the requests of the civil servants we would have an even larger deficit than we are expecting this year. Last year the minister said our deficit would not be more than $700 million. If the deficit does not increase it is because the government has failed to take care of those Canadians who are in need. I urge the government to curtail expending money in every field until it has done a little more for the Canadian civil servants.

Mr. McMillan: Mr. Chairman, I should like to say a few words on the interim supply bill and refer particularly to the high price we must pay in this country for money that is borrowed and incidentally the high prices our municipalities and provinces must pay as a result of our federal high interest rates.

To give some background of the thinking of the Minister of Finance I should like to refer to some statements he has made since coming into office. With respect to dominion-provincial relations he indicated that there would be a meeting at which no doubt the question of interest rates would be discussed. When speaking on November 26, 1957 at a press conference he said there would be such a meeting next year and that they would deal with this and other problems. He also said that at that time interest rates were at a higher level than they had been for a generation.

At a Conservative nomination meeting held on February 23, 1958 the minister said the needs of the municipalities were ignored by the former government and with respect to the action taken by his government he said:

> We have eased the burdens of the municipal governments by bringing about easier credit and lower interest rates—

On February 28, 1958 on a broadcast over the trans-Canada network the minister said:

> What has been accomplished must be measured in the light of the doubtful legacy bequeathed to us by the former Liberal government when we took office on June 21. These are some of the things we inherited from the Liberals—

Mr. Fleming (Eglinton): What was that date?

Mr. McMillan: February 28, 1958. Listing the shortcomings of the previous administration the minister said:

> Interest rates are at the highest point in a generation.
>
> The needs of the municipalities were ignored by the federal government.

In a speech made by the minister in Quebec he said:

> Relations between the federal and provincial governments were marked by discord and irritation, with the federal government centralizing power and taxation at Ottawa.

Mr. Fleming (Eglinton): That was under the former government, of course.

Mr. McMillan: On the basis of all this one might have inferred as almost everybody did that the provinces and municipalities of Canada would get cheaper money. If anyone thinks we have cheaper money I would invite him to look at the money market. Last September 4½ per cent long term bonds were sold at par in Toronto. If you look at the Toronto *Globe and Mail* of today's date you will see there is a $92.50 bid which represents a yield of practically 5 per cent on your money. With Canadian bonds returning 5 per cent or more the differential between federal and provincial bonds has narrowed. This suggests to me that people have more confidence in the financial affairs of our provinces than of the federal government and provincial bonds in many cases are selling better than Canadian bonds.

Mr. Fleming (Eglinton): No.

Mr. McMillan: I have in my hand the report of the Royal Bank of Canada dated March 2, from which I shall read some quotations concerning provincial bonds. Alberta bonds maturing in 1963 carry a price of $93.50 and yield 4.43 per cent. New Brunswick bonds maturing in 1961 carry a price of $96.25 and yield 4.50 per cent. Ontario bonds maturing in 1965 carry a price of $90.50 and yield 4.65 per cent. Ontario bonds maturing in 1968 yield 4.73 per cent and those maturing in 1965 yield 4.54 per cent.

Even these figures do not tell the whole story. If you examine the bonds of hydro-electric power commission of Ontario you will observe that those maturing in 1967 yield 4.77 per cent and sell at $96.50. Certainly many of our dominion bonds must give a better yield than that.

Many of the municipalities cannot borrow money and those that can pay between 5½ and 6 per cent in interest. We are reaching the point where the Minister of Finance will have to pay nearly as much for his money as do some of our towns and villages.

The last federal bonds that were sold had attached income tax gimmicks to which reference was made by the hon. member for Kenora-Rainy River. He referred to the last issue of 2¾ per cent bonds selling at a discount of $97.90 and yielding 4.76 per cent. These bonds will go up roughly $21 per thousand and that amount will be tax free. Suppose the dominion government sold bonds at 97, a discount of $3, with interest at 3 per cent. On the appreciation amounting to $30 there would be no income tax while there would be income tax on the $30 representing interest. Therefore a big corporation paying a 50 per cent income tax rate would pay tax of $15 out of income amounting to $60 and have $45 left.

Mr. Fleming (Eglinton): May I ask my hon. friend a question? Does he suggest it is something new in the experience of federal government financing that bonds should be issued to sell at prices less than par? May I ask him if he is aware of these instances on the part of the previous government? Here are just a few I have picked out at random since the hon. member for Kenora-Rainy River spoke this afternoon. I will give the date of issue now so that my hon. friend can identify them.

Mr. McMillan: Tell me the length of term.

Mr. Fleming (Eglinton): Here are the examples: July 1, 1938, a 3¼ per cent bond put on the market by the former government at 98.5; June 15, 1950, a 2¾ per cent bond put on the market at 99.5.

Mr. Pearson: What term?

Mr. Fleming (Eglinton): The term does not matter for this purpose.

Mr. McMillan: The term does matter.

Mr. Fleming (Eglinton): I can give my friend that, if he needs the information, but I am now giving the date of issue and the fact of a discount on the price at the time of issue. The third instance was June 1, 1954, a 3¼ per cent bond put out at 99; January 15, 1953, a 3¾ per cent bond issued by the former government at a price of not less than 97 to the Bank of Canada; September 15, 1956, a 3¾ per cent bond issued at 97. May I also remind the hon. member that the former government put out an issue of perpetuals on September 15, 1936 at a price on the market of 96.5. I hope the hon. member does not pretend that it is anything new to put out bonds at a discount.

Mr. McMillan: I do not pretend that it is anything new but the bonds I am discussing only have a term of one year. Certainly I have never heard tell of dominion bonds being put out at a discount for just for one year.

Mr. Fleming (Eglinton): You have something to learn.

Mr. McMillan: Certainly if a bond is put out at 97 to mature in one year the appreciation will be $30 per thousand over that one year but if it is put out at 97 to mature in 5 years the appreciation will only be one-fifth or $6 per year. I think the minister has missed that point. Certainly the particular bonds I was discussing mature in 13 months or a little over a year. I was giving an example. Suppose the government put out a bond at 97 to yield 3 per cent. As far as big corporations are concerned, that would be equivalent to being paid 9 per cent on a bond sold at par. But the government did not do that. They did however put out an issue at 97.90 to bear 2¾ per cent to come due in 13 months and, as the hon. member for Kenora-Rainy River said, that comes out to 6.6 per cent from the point of view of the net result to the corporation and certainly the net result to the treasury of Canada.

I should like to ask the Minister of Finance how he can expect the ordinary people of Canada, the small people of Canada, to buy the bonds that he wants them to buy. They have more money in the bank now than they ever had but how can he expect them to buy bonds when he treats big corporations in this way? We do know that these bonds were issued in units as high as $1 million and certainly they were not readily available to the ordinary people of Canada.

Mr. Fleming (Eglinton): What bond is my hon. friend speaking of when he refers to $1 million?

Mr. McMillan: The last ones were advertised in units as high as $1 million.

Mr. Fleming (Eglinton): How ridiculous can you become?

Mr. McMillan: They were. I saw it myself. I have not got the information here but I can produce it for the minister.

Mr. Fleming (Eglinton): Those bonds were open to anybody.

Mr. McMillan: It seems to me that when the bonds were sold within 15 minutes they were not readily available to the public. I know people who tried to get them through

their banks because they saw it was a good thing and they could not do so.

I want to leave the bond issue for a minute and refer to the Bank of Canada. In my opinion there is one fundamental weakness in the Bank of Canada. Members of the judiciary are appointed by the different parties when in power and I think they can be said to be above reproach. However, the members of the board of directors of the Bank of Canada might not always be held to be as above reproach as they should be. Just the other day, for instance, we heard about one director contributing large sums of money toward the election of different members in Vancouver.

Mr. Fisher: Conservative members.

Mr. McMillan: That is right. I recall the public discussion a year or so ago between the Minister of Finance and the governor of the Bank of Canada concerning the tight money policy. In fact, it got in the press. I am not accusing any member of the board of directors of the Bank of Canada of not acting in the best interests of Canada but the implication is there that sometimes they may act in a certain way for political reasons. If a man is contributing $20,000 or $25,000 of his own money to a political party, what assurance do we have that the people of Canada will get the best action from him as a director of the Bank of Canada? Will he always have the good of Canada at heart?

If we look at the list of directors of the Bank of Canada we see that more than one is a recent political appointment. Our fiscal policy at the present time is not good. We have the highest bank deposits we have ever had in our history. Yet the Minister of Finance cannot get the people to buy his bonds.

Mr. Fleming (Eglinton): That is not true. The last issue was oversubscribed.

Mr. McMillan: He tells us that he requires money. If so, why are there so many bonds held by the banks? I call on the Minister of Finance and the government to have members on the board of directors of the Bank of Canada who have no political axe to grind and who will at all times give their best consideration to the people of Canada and not make decisions based on political reasons.

Mr. Fisher: Mr. Chairman, I was delighted to hear the remarks of the hon. member for Welland about political appointments and their possible relationship to and effect upon policy. I simply want to mention in passing that I was delighted to hear his remarks. It would seem that our lone stand with regard to this particular matter has found one convert at least in the party with respect to which I had the feeling up to this time that they did not agree with our point of view. I am sorry that I did not hear the remark of the hon. member for Halifax and I feel that perhaps he did not want it on the record.

Mr. McCleave: I said that the C.C.F. is sucking in more Liberals every day.

Mr. Fisher: The remarks I want to make have to do with the promise made last year by the Minister of Northern Affairs and National Resources with regard to a review of the taxation policy of the government as it affects the forest industry and particularly the pulp and paper industry. We have already heard today something directly about the pulp and paper industry in so far as it affects Newfoundland. Of course, the Anglo-Newfoundland Development Company Limited has an interest up in northwestern Ontario, as the hon. member for Kenora-Rainy River will know. This company happens to hold a concession, at least a lease for a period of time while it makes up its mind whether or not it will establish a pulp and paper mill at the town of Sioux Lookout.

I know the hon. member for Bonavista-Twillingate already has given wide publicity to the fact that another pulp and paper company, Crown Zellerbach, has decided not to go ahead with developments in Newfoundland. The general picture in the pulp and paper industry at the present time is that of a tendency to pull in horns in so far as further capital expansion is concerned. There is a general indication, if one reads the financial pages, that the market for newsprint especially but also other forms of paper products such as kraft, wrapping and fine papers, is at least saturated.

I just point out in passing that the difficulties of the pulp and paper industry have not been reflected so far in dividends or in profits to any marked degree. I see one hon. member on the other side look up with a quizzical expression, and I imagine he follows this particular industry pretty closely. I believe he will agree with my remarks here so far, that none of these pulp and paper companies seem to be going deeply in the hole. However, there is this factor, and this is from the point of view of silviculture and forest management, that whenever any suggestions are made that these companies should be held to the type of responsibilities related to forest management and silviculture they always say that the governments are taking such a bite from them they just cannot afford to accept these particular responsibilities.

One of the consequences of this is that a bill, rather famous in Ontario, known as

Bill 89, has never been implemented to force these particular companies who hold timber limits to carry out regeneration policies. You are probably asking what this has to do with the federal government, and I want to come to that. Whenever pulp and paper companies make these representations they go to the premier of Ontario, and the premier nearly always says that, of course, the difficulty really does lay in Ottawa. He has said this often enough now for the pulp and paper companies to believe they are being overtaxed by Ottawa and, as a consequence, are not in a position to carry out responsibilities relating to forestry and silviculture. As a consequence of this position being reiterated at meetings of the pulp and paper research institute, the Canadian pulp and paper association and the Canadian institute of forestry, the appeal is made then to the federal government on this basis: You take the lion's share of taxation out of this industry; it is the most important industry in the country, and you bear a very large responsibility in so far as putting some of that money back into the forest regions is concerned in order to encourage regeneration and reproduction, natural or artificial, of the species.

The Minister of Northern Affairs and National Resources recognized at least the possibility that these arguments might contain some truth, and last year during a committee meeting he gave a promise that he would have a report prepared on this particular aspect. I understand he has indicated a report was prepared. He received a memorandum from his officials who went into the subject, and this memorandum was passed around amongst the ministers and officials of other departments, we presume the Minister of Finance and his deputy minister. It seemed odd to me at the time, and this is where I made a misinterpretation, that if the minister of northern affairs gave the assurance there was going to be a study by government officials on taxation as it affected the pulp and paper industry, then surely the department that would be most interested would be the minister who is with us today, the Minister of Finance.

However, it turns out his department may have given some continuing study to the subject, but the department played no fundamental part in the matter. This is, to me, a serious fault. I understand that the minister of northern affairs is not satisfied with the report he got. He has referred it back and is going to attempt to get another report. I should like to know what the Minister of Finance plans to do in this particular field. If the minister of northern affairs recognized the need for such a study, why does not the Minister of Finance? One of the difficulties that was discussed a short time ago with reference to the pulp and paper industry in Newfoundland is that the pulp and paper companies there play a very large part in the economy of that province, and that they are not doing too well because of high wood costs. We assume that one of the other large cost items would be high taxation costs.

Actually, the situation in Newfoundland, as compared with the situation in northwestern Ontario, is almost ridiculously different in terms of costs, wood costs and transportation costs. In our part of the country, where you have many more pulpmills than you have in Newfoundland, these costs are much higher than they are in Newfoundland, but our mills do not put on such a poor mouth as these particular mills in Newfoundland do. We have assumed that since all these industries and corporations are crying the same thing, that is the difficulty in competing in world markets for newsprint and paper, they have a point which should be considered by the government of Canada and especially by the Minister of Finance.

One of the things that has intrigued me about this is the unpopularity of the Minister of Finance in these particular circles. I have discovered he is certainly no great white hero to this particular industry. They feel that this particular government, judging by the comments they made in annual reports and as quoted in the newspapers, has taken a very short term view. You may take it, Mr. Chairman, that I am speaking in the interests of these pulp and paper companies. Heaven forbid that I should be identified completely with the Anglo-Newfoundland Development Company, the Bowater corporation or any of these other British colonial corporations. We do feel, however, that it is essential we have this kind of taxation study so that we will get a realistic idea of whether or not these corporations can afford to carry out proper forestry policies. This is coming at it from a different point of view completely. It is the point of view that we have renewable resources in our forests, the majority of them are crown lands, and that some of the revenue that comes from these crown lands must go back to see that they continue at a certain standard.

I feel the minister should give some serious undertaking that such a study will be commenced. The problem is definitely complicated by the fact that the provincial governments involved all seem to have the same view—this of course stems from something that has been repeated ad nauseam in connection with all types of provincial-federal relations—that the federal government takes

an inordinate share of the taxation. If this is so, there is no other industry to which this will apply more than to the pulp and paper industry because it is the big money earner for the federal government in terms of tax revenue. For all these reasons, therefore, Mr. Chairman, I want to completely remove myself from any identification of interest with the Anglo-Newfoundland Development Company Limited or the Bowater corporation, but I think we should have this year a study by the officials, not of the Department of Northern Affairs and National Resources but of the ministry of finance, of this whole question of taxation of the pulp and paper industry, and whether it does indeed put a crushing burden upon these corporations to the extent that they cannot carry out responsibilities in the field of forest management and silvaculture which legislation in almost all the provinces imposes but which is not now really implemented.

Motion agreed to.

Resolution reported and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1960, the sum of $616,654,878.69 be granted out of the consolidated revenue fund of Canada as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to, and the house went into committee, Mr. Rea in the chair.

Mr. Benidickson: With respect to the dozen items where more than one-sixth is being asked for, would the minister just indicate the reasons therefor?

Mr. Fleming (Eglinton): Mr. Chairman, the proper place to have asked that question, of course, was in the committee of supply rather than the committee of ways and means. The reasons, I think, are quite obvious if anyone will take the trouble to look at the items. The first is item 209 where an additional five-twelfths is being asked for in addition to the standard two-twelfths. This item is for purchases of air photography and the expenses of the interdepartmental committee on air surveys. There are contracts out for air photographs of the Arctic archipelago and these include provision for advance payments amounting to over one-half of this vote. I can enlarge on that if any hon. member is interested.

Then item 38 is an item of which we are asking for an additional one-third in addition to the one-sixth. This item is for grants for research and investigations with respect to atomic energy. One-half of the amount of this vote is required for the first two months of the fiscal year for research projects carried out at the universities.

The next three items, namely items 175, 182 and 183 pertain to legislation, votes for the Senate and the House of Commons. Of course the rate of expenditure is governed by the session rather than by a uniform basis from month to month.

The next item is No. 358, an item in the Department of Public Works. This is an item to provide balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1959-60. By its nature this vote is subject to heavy expenditures in the early part of the fiscal year, as final payments are made on projects completed or nearly completed in the previous fiscal year. Expenditures to May 31 are expected to reach $250,000.

The next item is No. 64 in the Indian affairs branch of the Department of Citizenship and Immigration. The additional one-twelfth, in addition to the one-sixth, is required to provide for teachers' salaries and tuition fees for Indian pupils because the schools are operated on a ten-month basis rather than a twelve-month basis and expenditures arise in that proportion rather than on a monthly basis.

The next item is No. 210, an item respecting the polar continental shelf project. This is a project which will end in June or July. Consequently there is a concentration of expenditures in the first part of the fiscal year.

As to items 259, 384 and 451, I think it is quite obvious what the reasons are. In the case of item No. 259, the additional one-twelfth is asked for because the bulk of this vote is for salaries. April and May are the peak work load months, during which seasonal help is required to process tax returns.

In the case of item No. 384, an item for the standards branch of the Department of Trade and Commerce, expenditures under this item are heavier in the spring and summer months because the inspectors cannot travel in the rural areas in the winter.

In the case of item 451 under the Department of Veterans Affairs treatment services, may I point out that this vote provides for net treatment expenditure after recoveries from outside sources. The introduction of provincial health insurance programs will increase substantially the proportion of gross

expenditures which are met from recoveries. Since there is a lag between expenditures and recoveries, net expenditures in the early months of the year exceed one-twelfth of the net vote in each month.

In the case of item 454, the prosthetic services branch, here again, as with treatment services, there is a lag between expenditures and recoveries in this vote in the early months of the year.

Mr. Benidickson: Mr. Chairman, if the committee would permit me to do so, I should like to speak on a point of order. At the earlier stage a question was raised as to the right of members to discuss a matter such as that which was introduced by the hon. member for Kootenay West. In the interim I have had an opportunity of looking at the debate which took place at a similar place in the calendar during the session of 1957. I refer to March 29.

Mr. Fleming (Eglinton): Mr. Chairman, surely we are in a different committee now. My hon. friend is not in order in raising this point in committee of ways and means on something which happened earlier in committee of supply, and which was settled by a ruling of the Chair.

The Deputy Chairman: The hon. member has raised a point of order. Until the Chair hears what the point of order is, I do not think the chair should rule on the matter.

Mr. Benidickson: Mr. Chairman, I will endeavour to be brief. The minister endeavoured to pursuade the other committee that it was not traditional or was not proper at that stage to discuss such a matter as that which was raised by the hon. member for Kootenay West. I do not want to make prolonged remarks in connection with this item. However, I find that the Minister of Finance on March 29, of 1957, at the same stage of the session, on a matter of a request for one-twelfth of supply—

The Deputy Chairman: Order. I now understand the hon. member's point of order. It refers to another committee. I think that the hon. member is out of order.

Mr. Benidickson: Mr. Chairman, I would say that the same procedure would apply at this stage. That is why I was going to say that the Minister of Finance used 13 columns of *Hansard* in order to speak about the C.B.C. at that stage of the debate.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member must have known perfectly well that he was out of order before he ever raised that point. However, now that he has raised the matter may I be permitted to point out that the occasion to which he refers was not one in which the right of members to raise points later on the items in the estimates could be carried out because that was a situation where we were at the end of the session. The situation was entirely different. I think my hon. friend is well aware of that fact.

Mr. Benidickson: Mr. Chairman, I do not think it is fair just to let the argument rest there. May I say very briefly that we were not at the end of the session. As I said at the beginning of my remarks, we were in March, prior to the Easter recess, a situation exactly analogous to that in which we are today. On that occasion the minister used 13 columns of *Hansard* himself in order to speak about a particular item that he felt had to be brought forward at that time.

Mr. Fleming (Eglinton): The hon. member knows that every word he has uttered is out of order.

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill C-35, an act for granting to Her Majesty certain sums of money for the public service of the fiscal year ending March 31, 1960.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Rea in the chair.

Clauses 1 to 3 agreed to.

On clause 4.

Mr. Benidickson: Mr. Chairman, with regard to clause 4, I should know this but I do not. What is the section of the standard statutes that authorizes this? The hon. minister made reference to it. He said it was a standard practice.

Mr. Fleming (Eglinton): I said the bill was in standard form. This bill simply follows the form that was passed on several occasions in the last session.

Clause agreed to.

Clause 5 agreed to.

Schedules agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of the bill.

The Acting Speaker (Mr. Rea): When shall the bill be read a third time?

Mr. Benidickson: Next sitting of the house.

Mr. Fleming (Eglinton): I do not recall any previous occasion on which unanimous consent was withheld on third reading of an interim supply bill. It has to go to the other house and the royal assent is required before the Easter recess.

The Acting Speaker (Mr. Rea): With unanimous consent.

Mr. Fleming (Eglinton) moved the third reading of the bill.

Motion agreed to, bill read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Rea in the chair.

DEPARTMENT OF AGRICULTURE

Special—

723. Estimated amount required to recoup the agricultural commodities stabilization account for the net operating loss of the agricultural stabilization board during the fiscal year 1958-59, $15,017,182.

Mr. Benidickson: Mr. Chairman, on item 723 I wonder if the Minister of Finance would indicate to the house why there seems to be quite a downward revision of this firm indication of requirement to the end of March in relation to the indication which was given not long ago by the Minister of Agriculture when he was speaking in the throne debate on, I think, January 23? He estimated at that time that the requirement would be somewhat larger than this. I think it was nearly $19 million. I wonder if the hon. minister would give us full details as to the distribution under the statute for the item required, and could he give any indication why within these recent weeks he has determined that this substantial amount less than indicated before is required?

Mr. Fleming (Eglinton): Mr. Chairman, the item 723 is the estimated amount required to recoup the agricultural commodities stabilization account to cover the net operating cost of the agricultural stabilization board during the fiscal year which will close on March 31. As to programs completed in 1958-59, the current fiscal year, the net cost has been calculated with respect to all commodities that have fallen within the scope of the activities of the agricultural stabilization board. These amounts have been worked out and it is possible at this stage of the fiscal year to be more precise than it was possible to be earlier.

Mr. Benidickson: Could the minister give the breakdown of the very precise—

Mr. Fleming (Eglinton): These figures have been precisely calculated now.

Mr. Benidickson: Would my hon. friend give the breakdown? The Minister of Agriculture was equally precise, because he did not give a round figure to the house at that time, he gave a very specific figure on January 23. He referred to the item of $18,741,000, and I wonder if the Minister of Finance would read out to the committee the details both of the estimate as at that time, according to the products which were involved, and the distribution, according to the product, of the $15,017,182 which is referred to now?

Mr. Fleming (Eglinton): Mr. Chairman, I point out that this amount is provided for programs completed in 1958-59, the net cost of which has not already been included in previous recoupment amounts. These are the amounts in detail. In 1957, New Brunswick potatoes, $244,450.

Mr. Benidickson: Are we now on the $15 million item?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: Is my hon. friend prepared also to give the relationship to the $18 million item?

Mr. Fleming (Eglinton): This is the precise figure which is being asked for at the end of the year when we are in a position to calculate the amount with much greater precision than possible at an earlier stage of the year. This now becomes a matter of recoupment of sums which have already been provided. I gave the first item, 1957 New Brunswick potatoes, $244,450; 1957, Prince Edward Island potatoes, $122,932; 1957 British Columbia apples, $768,415; 1958 asparagus, $105,999; 1956 butter, $30,806. The total of those five items is $1,272,602.

Next we have the estimates of other items of net cost for programs not completed but which will probably be completed by March 31 next, and they are as follows:

1958 wool	$1,500,000
1957 butter	

Here we have a profit which will reduce the net amount required by $253,575.

1958 cheese	$ 828,860
1957 dry skimmed milk	3,909,493
1957 shell eggs	1,853,741
1958 shell eggs	462,113
1957-58 fowl	562,772
1958 lamb	280,252
Total	$9,143,656

The next group consists of items where programs will still be in progress on March 31, 1959. Net cost has been estimated to March 31 as follows:

1958 butter	$ 301,367
1958 dry skimmed milk	2,866,096
1959 shell eggs	750,000
1958-59 hogs	600,713
1958 B.C. tomatoes	77,671
1958 B.C. raspberries	5,077
Total	$4,600,924

Mr. Benidickson: Has the minister any figures with reference to the present stocks of commodities which are being supported?

Mr. Fleming (Eglinton): Which particular ones does the hon. gentleman mean? Does he wish me to give the whole list?

Mr. Benidickson: No. I should be glad if the minister would table that statement. Has he got the comparative figures for an earlier date, perhaps a year ago?

Mr. Fleming (Eglinton): In the case of butter, the estimated amount on hand at March 31, 1959 was 25,184,071 pounds; cheese, nil; shell eggs, estimated at March 31, 1959, 3 million dozen; fowl, nil; dry skimmed milk, 65.4 million pounds; lamb, nil; hogs, 33 million pounds; B.C. tomatoes, 2.3 million pounds; B.C. raspberries, nil.

Mr. Benidickson: Can the minister relate that to the figures of a year ago? Are the comparative figures in that reference paper? I know he is not Minister of Agriculture.

Mr. Fleming (Eglinton): I can in some instances. I have not the figure for butter for March 31, 1958, but the figure for 1956-57 was nil. May I supplement that statement in part and correct it in part by giving to the house the information, Mr. Speaker, that at March 31, 1957, the inventory figure of butter was 29,638,010 pounds, and the inventory figure of March 31, 1958, was 25,184,071 pounds. In the case of dry skimmed milk, at March 31, 1958, the figure was 27,719,717 pounds. In the case of shell eggs, at March 31, 1958 the figure was 88,754 cases.

Mr. Benidickson: Mr. Chairman, the minister indicated that there was a profit of $253,000 with relation to this year's operations under the stabilization act, with respect to butter. Does that mean that the support or stabilization scheme with respect to butter during the current year's operations is not expected to bear any loss at all but that on the contrary it will provide a profit to reduce the cost of stabilization payments with respect to other items?

Mr. Fleming (Eglinton): The profit was made as a result of sales of 1957 butter in 1958-59.

Mr. Benidickson: Is it a profit, or is it simply income during the year?

Mr. Fleming (Eglinton): It was a profit.

[Mr. Fleming (Eglinton).]

Mr. Benidickson: A net profit on butter for the fiscal year resulting in a surplus of $253,000?

Mr. Fleming (Eglinton): The price advanced from the time of purchase in 1957 to the time of sale in the fiscal year 1958-59.

Item agreed to.

CANADIAN BROADCASTING CORPORATION

International Shortwave Broadcasting Service—

724. Maintenance and operation—further amount required, $84,000.

Mr. Fisher: Would the minister explain this item in some detail so that we may be able to understand why this expenditure is necessary. Does it reflect some expansion in the service or the provision, possibly, of new capital equipment?

Mr. Fleming (Eglinton): No. This is an item with respect to the international shortwave broadcasting service. It is not for the general operation of the Canadian Broadcasting Corporation at all. Nor does it reflect an increase in the scope of operation of the international shortwave broadcasting service. Actually it was a mistake on the part of the C.B.C. with respect to a billing in the previous year. This really dates back to the previous year; we are simply picking up a delayed billing in this item.

Mr. Fisher: What does the minister mean by "billing"?

Mr. Fleming (Eglinton): A billing for the service which was rendered. This is a service which the C.B.C. performs for the government; it is no part of their general broadcasting operations but an entirely separate matter. In this case instead of rendering a bill to the government for this service prior to the close of 1957-58 there was an oversight and the bill was rendered in the fiscal year 1958-59. No provision was made for its payment in the 1958-59 estimates.

Mr. Benidickson: I noticed that in the main estimates for 1958-59 it was expected that the cost of this operation would be reduced by $6,405. I think that during meetings of the external affairs committee a great deal of criticism was expressed in the past by members of the party which is now in power with respect to the expenditure under this particular item. I take it that the result of this supplementary estimate is that the overall cost, instead of being less than in the previous year, will be up to the extent of $78,000 or $79,000? Is that the result?

Mr. Fleming (Eglinton): That would not be a true way of describing the operation. I have indicated that this item, or certainly the bulk of it—$72,285—is attributable to a payment

which really should have been charged against 1957-58, instead of against 1958-59 and, of course, the appropriation for it lapsed at March 31, 1958. So really the comparison, if the hon. gentleman is looking for a reduction, is much more favourable to 1958-59 operations than the figures he has quoted would indicate.

Mr. Benidickson: Except that the hon. gentleman and his friends were in the administration during 1957-58 for, I think, three-quarters of that period and if they had not seen fit to make the expenditure provided for, admittedly by the previous government, they need not have done so.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Education—

727. Administration, operation and maintenance—further amount required, $1,183,436.

Mr. Fisher: The minister explained why this substantial amount was required and I would just ask him if he has there the details that would enable one to ask him about specific schools?

Mr. Fleming (Eglinton): This item No. 727 for a sum of $1,183,436 is principally in respect of salaries. There are three elements in the item. The first is salaries, an item of $862,800. As a result of improved recruitment allowances for staff turnover did not materialize and in addition a higher salary range for teachers was approved and came into effect on April 1, 1958.

The second element is the matter of allowances totalling $160,636. The isolated post regulations were changed and as of July 1, 1958 entitled more teachers to allowances and increased the rate of allowances.

The third element is one of $160,000 which represents the final settlement with religious denominations covering 1957 operating costs of government-owned residential schools as authorized by the treasury board.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

729. Canadian representation at international conferences—further amount required, $63,000.

Mr. Fisher: Has this item anything to do with such things as parliamentarians going to NATO conferences?

Mr. Fleming (Eglinton): No, Mr. Chairman. That is to be found further along in the estimates under the heading "Legislation", item No. 756.

Item agreed to.

Pensions and other benefits—

733. Pension to Miss Hilda L. Waddell, a former locally engaged employee, at an annual rate of 60,000 Brazilian cruzeiros, the equivalent in Canadian dollars for the balance of the present fiscal year being estimated at, $175.

Mr. Benidickson: Mr. Chairman, I do not want to probe unduly because I see this item involves an individual. May we have the assurance of the minister that this is a normal and recurring type of obligation on the part of the government and it does not set a precedent of any kind?

Mr. Fleming (Eglinton): Mr. Chairman, this item relates to a provision made for a locally engaged employee at the Canadian embassy at Rio de Janeiro commencing December 1, 1958. The lady in question was employed as a telephone-receptionist at the embassy at a salary which translated into Canadian dollars, amounted to $864. She was 65 years of age and had completed a little more than nine years of employment with both the Department of External Affairs and the trade commissioner service in Rio de Janeiro. Since there is no pension system for local staffs abroad except in the United States and the United Kingdom it has been the policy of the treasury board to grant pensions on an ad hoc basis to deserving local employees.

It was reported to the board that the lady in question would be entitled upon retirement to a separation gratuity of one month's salary for each completed year of service, or $653 in Canadian currency. Payment of this amount would be in accordance with Brazilian labour law. I can go into more detail but I think that is enough to indicate to my hon. friend the nature of the item.

Mr. Benidickson: I was just doing to indicate to the Minister of Finance that my curiosity arose from the fact that reference was made in the report of the Auditor General for the year ending March 31, 1958 to a practice which he said was contrary to the statutes with respect to paying pensions even, I think, in the United Kingdom and United States to employees of Canada engaged outside of Canada. Has the government some plan of regularizing that practice which was criticized in the report?

Mr. Fleming (Eglinton): Mr. Chairman, our view is that this is a practice that is properly authorized by statute of this parliament.

Mr. Benidickson: I think there has been some practice which the Auditor General has pointed to but I believe he said it ran directly counter to a specific prohibition in our basic pension statute. I know that this is in effect legislating for a specific item. My question was whether or not the minister had been

giving consideration to our practice as criticized by the Auditor General even in the United Kingdom and the United States and whether or not he proposes to bring in some legislation to regularize what was criticized.

Mr. Fleming (Eglinton): Those papers are not here, Mr. Chairman. We can have a look at them another time.

Item agreed to.

Terminable Services—

734. Purchase of flour to be given to the United Nations Relief and Works Agency for Palestine Refugees in the Near East,—Further amount required and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1960, $1,500,000.

Mr. McMillan: Mr. Chairman, I have been wondering about this item and item No. 741 which is for the purchase of wheat and flour to be given to commonwealth countries in south and southeast Asia. The passing of this item will enable the government to give this assistance in the coming fiscal year which concludes on April 1, 1960. My question is this. Why should we not vote the money for the amounts of wheat delivered in the next fiscal year and only vote at this time what has been delivered in this fiscal year?

Mr. Fleming (Eglinton): Mr. Chairman, the purpose is to enable this flour to be moved as quickly as possible. Some of it is moving before March 31. It is moving as fast as the Minister of Trade and Commerce can arrange for its movement. This particular item of $1,500,000 under item No. 734 was announced in the house by the late secretary of state for external affairs within the last fortnight. The purpose of providing this item now on a non-lapsing basis as of March 31, 1959 is to enable the government to move this wheat as quickly as possible. You cannot just cut off a movement at March 31 midnight. This is the proper, and I think I may say the businesslike way, of making provision of this kind. It comes before parliament. Parliament has full view of the matter. This makes it possible to move this flour as quickly as opportunity is afforded.

Mr. McMillan: This is a large sum and while we do not want to hold up this amount it occurs to me we could between now and March 31 vote for that portion of the flour or wheat that has been sent up to that period. Why should not the major part of this be left over until next year?

Some hon. Members: Six o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Benidickson: Mr. Speaker, would the leader of the house indicate what the program of the house is for tomorrow evening and, if possible, for Friday?

Mr. Green: Mr. Speaker, we shall continue with the supplementary estimates and then take the estimates of the Department of Agriculture.

It being three minutes after six o'clock the house adjourned.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.G.S. "STONETOWN"—MEDICAL ATTENTION FOR PERSONNEL

Question No. 165—**Mr. Howard:**

1. During December of 1957, was a request received from the C.G.S. *Stonetown* for permission to send any of the officers or crew home for medical attention?

2. If so, with respect to each person for whom such permission was requested: (a) What were the names and rank? (b) What was the nature of the illness? (c) Upon what date and at what time was each such request made? (d) What answer was given, upon what date, on what time and by whom?

3. Did any of the said persons die, and if so, when, where and from what causes?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. No.
2. Answered by 1.
3. Answered by 1.

INTERNATIONAL AIRPORT, HALIFAX—HEATING PLANT

Question No. 221—**Mr. Morris:**

1. Has the Department of Transport called tenders for the construction of a central heating plant at the International Airport, Halifax, Nova Scotia?

2. If so, by what fuel will this building be heated?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.
2. Coal.

DOLLARD COUNTY, QUE.—LEVEL CROSSING PROTECTION

Question No. 232—**Mr. Rouleau:**

Since July 9, 1958, has the Minister of Transport or the board of transport commissioners received representations from Mr. Maurice Cousineau, mayor of St. Laurent, on the island of Montreal, requesting adequate protection at railway level crossings in the county of Dollard?

Answer by: **Hon. George H. Hees (Minister of Transport):**

No.

FRENCH T.V. STATION, MONCTON, N.B.

Question No. 253—**Mr. Michaud:**

1. Have plans been made for a french T.V. station at Moncton, New Brunswick?

2. If so, what are the boundaries of (1) zone or contour "A"; (2) zone or contour "B"; (3) zone or contour "C"; (4) what will be the power of this station?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. Yes.

Questions

2. (1) (2) (3). The signal intensity pattern of the antenna is not circular and the boundaries of the "A" "B" "C" contours are located as shown in the following table:

Azimuth	Miles to "A"	Miles to "B"	Miles to "C"
0	8.5	21	46
23	8.7	22	47
48	9	22.3	47.3
76	10	25	50
135	11	27	52
180	10	25	50
219	5.1	13.6	37
270	5.6	14.1	38

These radii take into account not only the directional characteristics of the antenna but also the effect of the terrain in each direction.

(4) Video power 1090 watts ERP maximum, 600 watts ERP average. Audio power 588 watts ERP maximum, 324 watts ERP average.

C.B.C. GRANTS IN LIEU OF TAXATION, HALIFAX

Question No. 258—**Mr. Morris:**

1. Does the Canadian Broadcasting Corporation pay grants to the City of Halifax in lieu of taxation on Canadian Broadcasting Corporation properties?

2. If so, what is the formula used in the payment of such grants and is the formula related to the so-called business tax rate or residential tax rate applied by the city of Halifax to taxpayers?

3. What was the total grant paid by the Canadian Broadcasting Corporation to the city of Halifax in lieu of taxation on Canadian Broadcasting Corporation properties in (a) 1956; (b) 1957; (c) 1958?

4. What are the individual assessed valuations of Canadian Broadcasting Corporation properties in the city of Halifax?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. Yes.

2. The rate of the real estate tax levied in the municipality, minus a deduction for any municipal services not actually provided, is applied to the accepted value of land and buildings owned by the corporation. The business tax rate was used in computing the 1958 grant.

3. (a) $4,696.35, (b) $8,243.60, (c) $21,612.60.

4. The corporation owns only one property in the city of Halifax situated at 70 Bell road. The accepted assessment on this property applicable to the grant for the calendar year 1958 was $445,600. The building was only partially completed when the first assessment was made on which the grant for 1956 was computed.

FEDERAL SUBSIDY, PICTOU-CHARLOTTETOWN-MAGDALEN ISLAND SERVICE

Question No. 263—**Mr. Carter:**

1. Is the government paying a subsidy in connection with a Pictou-Charlottetown-Magdalen island service?

Questions

2. If so, what is the name and address of the company receiving subsidy?

3. What was the amount of subsidy paid in connection with said services for years 1955-56, 1956-57, 1957-58?

4. Were tenders called, and if so, what are the names and addresses of those submitting tenders, and amounts tendered?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes, for a passenger-cargo steamship service.

2. Magdalen Islands Transportation Company Limited, P.O. Box 730, Station 'B', Montreal, Que.

3. 1955-56, $120,000; 1956-57, $120,000; 1957-58, $174,000.

4. No.

POULTRY IMPORT LICENCES

Question No. 275—**Mr. Boulanger:**

How many poultry, broiler and turkey import licences have been issued since January 1, 1957, and to whom were such licences issued?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

Turkey and fowl were placed under import control on July 17, 1957. Since that date 9 permits have been issued to import 308,249 pounds of turkey broilers, 11 permits to import 621,577 pounds of turkeys (heavier weights) and 61 permits to import 407,942 pounds of turkey parts. Fowl was removed from import control on May 30, 1958. Between July 17, 1957 and May 30, 1958 8 permits were issued to import 239,193 pounds of fowl (parts). Chicken broilers were not placed under import control.

It is contrary to government policy to reveal the names of those to whom import permits are issued.

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Science service—

715. Science service administration—operation and maintenance—further amount required, $7,800.

Production service—

Health of animals—

716. Animal pathology—further amount required, $27,725.

717. Payment of compensation to owners of animals affected with diseases coming under the Animal Contagious Diseases Act, which have died or have been slaughtered in circumstances not covered by the above act and regulations made thereunder, all as detailed in the estimates, $3,500.

Marketing service—

718. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $1.

719. Grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act—further amount required, $81,951.

Terminable services—

720. Agricultural lime assistance—further amount required, $217,400.

721. Quality premiums on high grade hog carcasses, and administration costs—further amount required, $230,000.

722. Contribution to the government of the province of Nova Scotia in respect of the emergency movement of hay to and within that province in such amount and subject to such terms and conditions as the governor in council prescribes—further amount required, $1,739.

Special—

723. Estimated amount required to recoup the agricultural commodities stabilization account for the net operating loss of the agricultural stabilization board during the fiscal year 1958-59, $15,017,182.

CANADIAN BROADCASTING CORPORATION

International shortwave broadcasting service—

724. Maintenance and operation—further amount required, $84,000.

CITIZENSHIP AND IMMIGRATION

Indian affairs branch—

Indian agencies—

725. Operation and maintenance—further amount required, $105,000.

Welfare and economic development of Indians—

726. Operation and maintenance—further amount required, $680,000.

Education—

727. Administration, operation and maintenance—further amount required, $1,183,436.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

728. Departmental administration—further amount required, $139,000.

729. Canadian representation at international conferences—further amount required, $63,000.

B—General—

730. Canadian government's assessment for membership in international (including commonwealth) organizations, as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that payments may exceed or fall short of the equivalent in Canadian dollars—further amount required, estimated as of March, 1959, $202,188.

731. Canadian government's contribution to the operational budget of the international atomic energy agency in the amount of $50,000, U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1959, which is $48,500.

International civil aviation organization—

732. Payment to the international civil aviation organization in part reimbursement of compensation paid to its Canadian employees for Quebec income tax for the 1957 taxation year—further amount required, $1,059.

Pensions and other benefits—

733. Pension to Miss Hilda L. Waddell, a former locally engaged employee, at an annual rate of 60,000 Brazilian cruzeiros, the equivalent in Canadian dollars for the balance of the present fiscal year being estimated at, $175.

HOUSE OF COMMONS

Thursday, March 19, 1959

The house met at 8 p.m.

PRIVILEGE

MR. PICKERSGILL—REFERENCE TO REMARKS IN DEBATE BY MEMBER FOR KOOTENAY WEST

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I rise on a question of privilege. When I was absent from the house yesterday the hon. member for Kootenay West, as found at page 2031 of *Hansard*, purported to quote something I had said outside the house. I am quite sure the hon. gentleman did not mean to reproduce it incorrectly; I am sure he did not have the full text. It seems to me, since he was permitted to put it on *Hansard*, that as a member of the house I am entitled to put on *Hansard* the correct version of what I actually did say. With your permission, sir, I should like to do that. I have here the transcript made from the actual broadcast, and this is what I actually said:

> In fact, Mr. Knowles and I had a conversation, which I don't think was private, about this very matter the night of the press gallery dinner. And I said to Mr. Knowles—I said—
>
> "Will you tell me why it was that the I.W.A. chose to go right from British Columbia to Newfoundland, which had the highest wages and which was completely unionized already. All the loggers belonged to unions which had the check-off. Why did they go there, instead of going to New Brunswick or Nova Scotia or Quebec, where there is much less unionization and the wages are lower, if they were considering the real interests of the workers?" And Mr. Knowles said—"That's a very hard question to answer", and he didn't try to answer it.

I have a second point of privilege, Mr. Speaker. The hon. gentleman suggested that my reference to this conversation was unethical. I am not asking him to withdraw that remark or anything of the sort; I am quite willing to have my ethics judged by the public and by this house without defending them in any way. But I believe, Mr. Speaker, that I did not express myself as well as I should have when I said it was a conversation which I did not think was private. The conversation, of course, was private in the sense that Mr. Knowles and I were not conducting a public debate. What I should have said and what I meant was that I did not think the conversation was confidential. I am quite sure that every hon. member who has appeared on one of these programs will appreciate the fact that one does not have a great deal of time for reflection before making these statements.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Perhaps because at one time I was secretary to the cabinet I might have become a little confused about the difference between "private" and "confidential". I did not think that particular exchange between Mr. Knowles and me was confidential or meant to be or intended to be such. If Mr. Knowles thinks I have done him any injury, I apologize. But I still would like to hear the answer Mr. Knowles has to give to my question.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on a question of privilege may I say that I apologize to the hon. member for certain inaccuracies in my statement, having missed out a few commas and conjunctions; but the substance, in view of what he read, was essentially correct.

Mr. Pickersgill: Mr. Speaker, I think the hon. gentleman did not mention the substance at all, if I might raise another question. The substance related to the other three eastern provinces.

Mr. Speaker: I think the hon. member has sufficiently explained his question of privilege or his point of view.

MR. MCPHILLIPS—REFERENCE TO PRESENCE OF PRIME MINISTER IN HOUSE

Mr. A. D. McPhillips (Victoria, B.C.): Mr. Speaker, I rise on a question of privilege also. I think all hon. members of the house will agree with me when I say this. When we see the Prime Minister here this evening, notwithstanding the terrific stress and strain he has been under for so many days, I think it is a wonderful demonstration of devotion to democratic duty, and I suggest that the house show its appreciation in that regard.

Some hon. Members: Hear, hear.

COMMITTEES OF THE HOUSE

Fourth and fifth reports of standing committee on miscellaneous private bills—Mr. McCleave.

STANDING ORDERS—CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. J. W. Kucherepa (High Park) presented the third report of the standing committee on standing orders and moved that the report be concurred in.

Motion agreed to.

TRADE

CANADA-AUSTRALIA—STATEMENT RESPECTING REVIEW OF AGREEMENT

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I wish to inform the house that a review of the Canada-Australia trade agreement is about to be initiated. The negotiations will take place in Canberra, Australia, and a delegation led by Mr. J. H. English, deputy minister of trade and commerce, will leave for Australia in the next few days.

The decision to review the Canada-Australia trade agreement was announced at the commonwealth trade and economic conference in Montreal. This trade agreement dates from 1931, and in essence provides for the exchange of preferential tariff treatment, which has proved of considerable value in our mutual trade. In view of the many changes that have taken place in the economies and trade relations of both Canada and Australia since that time, it is most desirable that a new trade agreement should be drawn up which will take account of these developments and will provide a basis for a further expansion of trade between the two countries.

Canada has close and important trade relations with Australia. Canadian exports to Australia last year amounted to $53 million, and included motor vehicles, wood pulp, newsprint, aluminum, tobacco, canned fish, lumber and chemicals. With the liberalization of import restrictions by Australia and the possibilities of further moves in this direction, new opportunities will be opened up for Canadian exporters. Similarly, the Canadian market is of great and growing importance to Australia. In 1958 Canada imported goods valued at $33 million from that country, the principal products being wool, sugar, meat, dried fruit and wine.

Canada and Australia share common objectives in the freeing and expansion of world trade, and the two countries co-operate closely in the development of constructive policies to resolve common trade and economic problems. I am confident that the review of the Canada-Australia trade agreement will further strengthen the relations between our two commonwealth countries.

[Mr. McPhillips.]

OIL—REPORTED CANADIAN EXEMPTION FROM U.S. IMPORT RESTRICTIONS

On the orders of the day:

Mr. A. R. Smith (Calgary South): Mr. Speaker, yesterday in reply to a question as to whether the United States were revising their position on oil import quotas the Minister of Trade and Commerce stated that he was having his officials check into the authenticity of this report. I wonder if he would be kind enough at this time to advise the house whether he has been able to confirm whether or not the United States administration has taken a changed view with respect to the importation of Canadian oil on the basis of national security?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I regret that I have no further information and certainly no confirmation of the report that appeared in the press.

Mr. Hazen Argue (Assiniboia): A supplementary question, Mr. Speaker. Can the minister say what steps he has taken to ascertain whether or not the report is correct, and whether Canada is making further representations on this important question?

Mr. Churchill: Mr. Speaker, if the report is correct we will get information through the usual channels. We are closely in touch with the officials in Washington and with the state department. We will certainly hear if there is anything valid in the report that appeared in the papers.

Mr. Argue: Mr. Speaker, is this not a rather unusual delay with respect to such an important question? I should have thought the contact would have been almost simultaneous.

Mr. Churchill: Mr. Speaker, I am not sure we should follow up every report that appears in a newspaper. Perhaps my hon. friend has some suggestions with regard to that point.

Mr. Argue: On that point, is it not correct that the minister himself yesterday said that he would initiate an inquiry?

Mr. Churchill: Mr. Speaker, yesterday I said:

> We have been in communication with our officials in Washington, but have not had any confirmation of the report.

These words may be found at page 2020 of *Hansard*. What more rapid action does my hon. friend require?

Mr. Argue: A further question, Mr. Speaker. Can the minister say what reply was given to him by his officials when he made this contact?

Mr. Churchill: The reply was that there was no confirmation of the report, Mr. Speaker.

EXTERNAL AFFAIRS

REQUEST FOR REPORT ON CONVERSATIONS WITH U.K. STATESMEN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister if there is anything he could usefully report to the house about the conversations he has just completed with the Prime Minister and the foreign secretary of the United Kingdom?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the Leader of the Opposition will realize, all I could possibly do is to deal in generalities and not with specific subjects. However, I think hon. members in general will join me in expressing satisfaction that the Prime Minister, Mr. Macmillan, and the foreign secretary, Mr. Lloyd, visited Ottawa before proceeding to Washington, thereby enabling these two statesmen to place before the Canadian government the views they intend to explore with the President of the United States.

The private talks which the Minister of Public Works and I had with them, and the discussions which took place at the meeting of the cabinet, re-emphasized the identity of the aims of the United Kingdom and Canada, and as well illustrated that intimacy and the value of the partnership which exists between the two governments.

In general the meetings were concerned with an examination of the questions of Germany, Berlin, and European security. They began with a comprehensive review of the 10-day visit they recently made to the Soviet union, and outlined the discussions which have taken place between them and Mr. Khrushchev; and I think just this general review indicated most clearly that those conversations and talks had been valuable. They gave an opportunity for a first hand impression of the Soviet position, and they enabled Mr. Macmillan to make clear beyond any doubt that there is unity among the western powers in their determination to safeguard their legitimate interests in Europe. The most important result of the visit was that the Russians appear to have accepted, for discussion at least, a settlement by negotiation and not the threatened settlement by force which theretofore had been feared as the epitome of their views.

Mr. Macmillan also outlined the course of his consultations last week with President de Gaulle and Prime Minister Debré in Paris, and with Chancellor Adenauer in Bonn. In the light of what he had learned in Moscow these discussions with the French and German leaders were most important, in that they led to a reaffirmation of western solidarity as well as advancing western preparations for the wider international negotiations which now seem likely to be held with the Soviet union in view of the statement made today by Mr. Khrushchev.

Our talks were largely in the nature of an exchange of information and a review of the German and Berlin problems and of the various proposals for a settlement of those problems now under study in western capitals and in NATO. I should emphasize that neither Mr. Macmillan nor I attempted to crystallize any British or Canadian position on specific questions under discussion. However, I might add that it is my belief that the United Nations might play some significant role in the solution of the Berlin problem, and that this phase deserves further and more careful study. I think it would be generally agreed that it was clear there was no essential difference in the British and Canadian assessments of the world situation or in the basic aims and policies of our two countries with regard to the complex questions of Germany, Berlin and European security.

I do not think I can add anything more to what I have said. I know the Leader of the Opposition, with his great experience in these matters, will realize that I can go no further than the outline I have just given the house.

Mr. Pearson: Mr. Speaker, perhaps I am not strictly in order, but in view of the importance of the subject and the length of the reply just given by the Prime Minister—and I am not complaining about that—I hope I may be permitted to say on behalf of the official opposition that we have listened with great satisfaction to a statement which indicates that the two governments are close together in what we on this side of the house think is a very sound approach to this important problem.

It is particularly gratifying to hear the Prime Minister say that there may be a way in which the United Nations can, in due course, play a part in this Berlin situation in a manner which would be helpful to peace and security.

Mr. H. W. Herridge (Kootenay West): On behalf of this group, may I say that we are always pleased to know that governments are discussing, talking and negotiating. I support the remarks of the leader of the official opposition in respect to the United Nations.

Inquiries of the Ministry

AIR TRANSPORT

AUSTRALIA—INQUIRY AS TO RENEWAL OF AGREEMENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I wish to direct a question to the Prime Minister. I should like to know if arrangements have been made or are being made to renew the commonwealth air agreement. The Prime Minister will probably remember that the late secretary of state for external affairs on two occasions said that the air agreement had been extended first to February 6 and later to March 11, so that I presume now the government has some answer to the question as to whether or not the air agreement has been renewed or where it stands at this time.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am sure the hon. gentleman will allow this to stand as notice. The information I have extends only up to the last few days. I shall endeavour to have an answer for him tomorrow.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO ACTION RESPECTING ALLEGED DEFAMATORY STATEMENTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to direct a question to the Minister of Justice. I should like to ask the minister whether in view of his professed concern for the integrity of the Royal Canadian Mounted Police it is his intention to take action against those persons who have made defamatory and libellous statements about the conduct of the police in Newfoundland?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I shall always of course be concerned about anyone who has made defamatory and libellous statements against the Royal Canadian Mounted Police, but the hon. gentleman has not identified the statements to which he refers, and I doubt if it would be proper for him to do so on the orders of the day.

Mr. Pickersgill: I should be pleased to furnish the hon. gentleman with the press reports, Mr. Speaker.

FINANCE

CANAL PROPERTIES—CONTINUANCE OF GRANTS IN LIEU OF TAXES

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Laurier asked if the formula to be followed by the St. Lawrence seaway authority in connection with grants to municipalities in lieu of taxes will be the same as that followed by the Department of Transport. The answer is yes.

BANK OF CANADA—EFFECT OF LIQUIDATION OF GOVERNMENT BONDS

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Finance. According to an article on the financial page of today's Toronto *Globe and Mail,* Canadian bonds have again declined sharply in the last two weeks, due in some small part to the liquidation of some of those bonds held by the Bank of Canada. My question is, does the government approve of this action on the part of the Bank of Canada?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I suggest that this is a highly improper question. The Bank of Canada carries on certain of its operations in the market without any instructions from the Minister of Finance, and it is not inhibited in any way in this regard. That is a matter for its own judgment. There are certain operations, of course, that the Bank of Canada carries out on behalf of the Minister of Finance. But, Mr. Speaker, I think on reflection my hon. friend will realize that the public interest would not be served by going into matters of that kind here.

Mr. Pickersgill: Mr. Speaker, on a point of order, I would draw Your Honour's attention to the fact that this is precisely the kind of question that, when he was on this side of the house, the Minister of Finance used to ask Mr. Harris.

Mr. Fleming (Eglinton): Mr. Speaker, never did I ask for information of the kind just asked for by the hon. member for Welland; not that kind of information.

Mr. Pickersgill: More of the failing memory of the minister.

HOUSING

CENTRAL MORTGAGE AND HOUSING—INSURANCE OF MORTGAGES ON OLDER HOUSES

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Since we are rapidly approaching the building season, can the minister say whether government study of the subject has progressed to the point that it intends at this session to introduce amendments to the National Housing Act that would

permit Central Mortgage and Housing Corporation to insure mortgages on existing or used homes in the medium priced field?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, so far as I know there will be no further amendments to the National Housing Act at this session.

HARBOURS

LAKEHEAD—ANNOUNCEMENT OF NAMES OF COMMISSIONERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Transport. It stems from the announcement this week of the names of the lakehead harbour commissioners. Especially in view of the fact that the onus for two of the appointments lies with the municipalities, would the minister explain why the complete slate was announced not by the minister but by the defeated Conservative candidate in Fort William?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I suppose it was because the defeated candidate in Fort William was more on his toes, perhaps, than the member for Port Arthur.

Mr. Fisher: I could make some observations there, Mr. Speaker, but I will just ask this supplementary question. Was the announcement forwarded to the defeated candidate from the minister's office or from that of Mr. Grosart?

Mr. Hees: I have no knowledge of it being forwarded from either office, Mr. Speaker.

Mr. Pickersgill: Just intuition.

SUPPLY

The house in committee of supply, Mr. Rea in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

Terminable services—

734.—Purchase of flour to be given to the United Nations relief and works agency for Palestine refugees in the Near East—further amount required and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1960, $1,500,000.

Mr. McMillan: Mr. Chairman, with respect to item 734 and also item 741, which is very much akin, I think the minister should be able to tell us the amounts that will be spent up to and including March 31. We are not opposed to this vote, but we can vote this amount now and we can also vote one-sixth, one-quarter, one-third or whatever supply is necessary for the following months. Items 734 and 741 total $15 million, and that is a lot of money. I do not think we should have juggling around between two years in the accounts.

In support of what I say I would refer the minister to something he said when referring to the elimination of the NATO defence equipment account, as found on page 1240 of *Hansard* for June 17, 1958:

> We believe that in the interests of good accounting practice and the maintenance of proper parliamentary control of expenditures this account should be liquidated during the current year.

I think we should vote the amount of money that will be expended up to the end of March of this year. The minister should be able to give us that amount, and he should be able to tell us approximately what will be spent in the next two months.

Mr. Fleming (Eglinton): Apparently the hon. member is unaware of the fact that the contributions that have been authorized by parliament by way of Colombo plan and similar aid have never precisely fitted the fiscal year, and in almost all cases it has been the practice of parliament to authorize these, so far as the fiscal year appropriation is concerned, on what is called an open end basis. In other words, the authority does not lapse on March 31 of the year in question. It is not possible to make these appropriations fit precisely the fiscal year, and the reason this particular appropriation is brought forward in the 1958-59 estimates is that we wish to move as much of the flour, just as quickly as we can, and as much of it will be moved before March 31 as can be arranged by the Minister of Trade and Commerce. No one can say at this moment precisely how much it will be, but as much will be moved as can be moved.

The same applies to the purchase of wheat and flour under item 741. The Minister of Trade and Commerce is taking up these purchases from the Canadian wheat board and is moving them as quickly as it is possible to arrange for them to be shipped. I think it would be the wish of the house to make this aid effective by speeding it.

Mr. McMillan: Can the minister tell us how much has been moved as of this date?

Mr. Fleming (Eglinton): No.

Mr. Benidickson: I think this point is very well taken. Surely within two weeks of the end of the fiscal year we can get more precise information as to the probabilities of shipment of this grain and flour than the minister proposes to give at this stage. He has a second alternative. If he wanted to do so he could ask for more than one-sixth of the requirement he thinks will be needed

for the first two months of the fiscal year starting on April 1; but to say that $15 million is required in the estimates for the year ending within two weeks and that he cannot give the house more precise information as to deliveries of flour and grain in the next two weeks is not taking the house into his confidence in the manner that the house deserves.

The Chairman: Shall item 734 carry?

Mr. Pearson: No, Mr. Chairman. Can the minister not give us some information about this item? I am talking now of item 741, though I gather it is item 734 we are discussing, in conjunction with item 741. Can the minister also give us an assurance that, as this is an item which concerns an expenditure under the Colombo plan that deals with consumer goods, all these shipments will be made with the approval and indeed on the initiative of the receiving country?

As the minister knows as well as I do, the Colombo plan was not designed to provide this kind of assistance to receiving countries. It was a plan for capital and technical assistance. What I want reassurance on is that the increase in the shipment of consumer goods, namely wheat and flour—and I am not complaining about that procedure in itself—or the increased amount will not prejudice the capital and technical assistance which the countries are receiving.

Mr. Fleming (Eglinton): This is not a Colombo plan item, Mr. Chairman. I point that fact out to the hon. gentleman. There is nothing here that is going to prejudice any country which is a party to the ordinary Colombo plan. This is a special item. Of course this assistance goes only to those countries with which arrangements have been made to receive it.

Mr. Pearson: Mr. Chairman, I was talking about item 741 because my friend the hon. member for Welland mentioned it.

Mr. Fleming (Eglinton): This is not a Colombo plan item. It is a special item for special assistance in the form of wheat and flour.

Mr. McMillan: Mr. Chairman, can the minister not tell us whether there has been one shipload, ten shiploads or what the number is?

Mr. Fleming (Eglinton): None has gone out of the country, but it is on the seaboard awaiting shipment. As I indicated earlier, I cannot say how much of it will move before March 31. I can say that as much will move as the Minister of Trade and Commerce can arrange to have moved before March 31.

Mr. McMillan: Has any moved from our ports as yet?

Mr. Fleming (Eglinton): I just said that none had moved out of the country as yet.

Mr. Martin (Essex East): May I ask the Minister of Finance whether he is in a position to explain to the house what the policy of the government is with regard to this agency whose term under the United Nations resolution will end at the beginning of 1960? Can the minister say whether or not the government has yet formulated a policy as a member of the United Nations, as to whether or not it is prepared to continue the work of UNRWA?

Mr. Fleming (Eglinton): I cannot give any indication of policy beyond the present time. This item is confined to the particular amount indicated, namely $1,500,000. The government desires—and I believe with the approval of the house—to furnish this assistance to this extent by way of this special flour contribution. The matter was outlined fully in the house some ten days ago by the late secretary of state for external affairs.

Mr. Benidickson: Mr. Chairman, this particular item 734 is specifically in contravention of section 35 of the Financial Administration Act. Has the minister in his notes the section which is referred to and which he might read to the house? I do not have it, I must confess.

Mr. Fleming (Eglinton): Section 35 is the section dealing with the lapsing of votes at the end of a fiscal year. This is the type of vote that is frequently used, as I think my friend will recall, in connection with aid programs.

Item agreed to.

735. Canadian government's assessment toward financing the United Nations emergency force in respect of the calendar year 1959 in the amount of $472,287 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1959, which is $458,118.

Mr. Pearson: This is an amount for payment of expenses, I take it, in connection with Canada's contribution to the United Nations emergency force. While I do not quarrel with the nature or the amount of that expenditure, nevertheless as my hon. friend knows this is a United Nations effort, and the expenditure of these amounts should be discharged by the United Nations; they were meant to be discharged by the United Nations, and I know efforts have been made to spread the cost among its members. I take it that, while making this expenditure, we hope to

get reimbursement from the United Nations. Perhaps the minister could give some indication in that regard.

Mr. Fleming (Eglinton): Steps have been taken to that end, Mr. Chairman. I am glad to say that the indebtedness of the United Nations to Canada in this respect has been substantially reduced. Actually it has been reduced by something like $1½ million in recent times, and it our expectation that this amount will be steadily further reduced.

Mr. Martin (Essex East): Can the minister say what countries are still in default of their allocation under the United Nations?

Mr. Fleming (Eglinton): No.

Mr. Martin (Essex East): Well, how does this amount compare with preceding years? Is it exactly this assessment?

Mr. Fleming (Eglinton): I would be glad to furnish my hon. friend with this information.

The Chairman: Shall item 735 carry?

Item agreed to.

736. Canadian government's contribution towards the Far Eastern program of the intergovernmental committee on European migration, $60,000.

Mr. Pearson: Mr. Chairman, item 736 deals with a contribution toward the Far Eastern program of the intergovernmental committee on European migration. It may be difficult for the minister to give this information and have all of these details available, but I have recently seen reports in the press to the effect that Canada has not been paying her fair share in the liquidation of the hard core of world war II refugees. Perhaps on this item the minister could give us some reassurance or otherwise on that score.

Mr. Fleming (Eglinton): Mr. Chairman, this item does not relate to the movement of European refugees out of Europe. This contribution of $60,000 is to be used in moving European refugees out of China. I may say that since 1952 ICEM, as the intergovernmental committee on European migration is known, has moved to overseas destinations approximately 10,000 refugees, most of whom are white Russian refugees from the bolshevik revolution of 1917, and their children. Over $4 million has been spent already on this program, to which Canada contributed $100,000 during the period 1954-55. There are still an estimated 10,000 European refugees in China, but 6,000 odd already have visa assurance. In recent years this movement out of China, of course, has come almost to a standstill. Since 1957, although visas to leave China were again obtainable, the flow of refugees has been restricted by lack of funds. Urgent appeals for funds to move them began in August of 1957. Many countries, including Australia, Switzerland and the United Kingdom, have made extensive contributions since this appeal was made, even though some of these countries are contributing extensively to this problem by accepting refugees. This will be Canada's first contribution since 1955.

Mr. Pearson: I am quite in favour of this contribution. I think it is a worthy project, and it will help liquidate a situation which has existed there for a good many years. But what I have in mind is an assurance that the $60,000 which is being given under this item to the intergovernmental committee on European migration—which is a European committee, although this effort is in the Far East—will not prejudice the funds which we have been allocating to this agency for European migration.

Mr. Fleming (Eglinton): It will not prejudice it. The two matters are looked upon really as independent of one another in this approach.

Item agreed to.

737. Gift of two clerks' tables to the parliament of the West Indies, $2,600.

Mr. Peters: Mr. Chairman, in relation to item 737, might I ask the minister how this is arrived at? Does it require an order in council, or what is the machinery for arranging for this type of thing?

Mr. Fleming (Eglinton): This is, of course, a matter for intergovernmental consultation to enable the selection of some form of contribution to the new parliament of the Federation of the West Indies which would be suitable and which would take its part in relation to other gifts which other countries of the commonwealth may be making. As a result of such exchanges it was agreed that the provision of two clerks' tables would be a very suitable action for Canada to take in regard to the new parliament of the West Indies federation.

Mr. Peters: I have no objection to the gift. I was only inquiring how it was arranged. What is the machinery? Is there an order in council which authorizes the expenditure?

Mr. Fleming (Eglinton): This present item, when voted, will constitute parliamentary authority for the expenditure of the $2,600 the two tables will cost.

Item agreed to.

740. To reimburse the agricultural commodities stabilization account for dry skimmed milk donated to international relief agencies and organizations, $951,634.

Mr. Martin (Essex East): Can the minister tell us whether the government is in a position to make any announcement of its policy with regard to representations made by the federation of agriculture regarding a number of matters of concern to the milk producers? These concerns include this particular item. The milk producers, as the Minister of Agriculture knows, were in the city yesterday and I think the day before, urging various members of parliament of all groups to give consideration to a brief which had been presented on their behalf by the federation of agriculture some months ago. One of the arguments made by the milk producers was that an additional outlet for skimmed milk might be found in the assistance which we give to underdeveloped countries, particularly those countries covered by the Colombo plan. Is there any statement the minister could make on this item with regard to the representations made by the milk producers?

Mr. Fleming (Eglinton): Mr. Chairman, this is not the proper item on which this matter should be raised. Here we are dealing simply with an item to reimburse the agricultural commodities stabilization account for dry skimmed milk donated to international relief agencies and organizations. The matter which the hon. member for Essex East proposes to raise is, of course, one which could properly be raised when the estimates of the Department of Agriculture for 1959-60 are before the committee of supply.

Mr. Martin (Essex East): Surely the Minister of Finance is taking a very strict procedural position when he says that we have no right under this item to raise the question I have just put to him. The item reads:

To reimburse the agricultural commodities stabilization account for dry skimmed milk donated to international relief agencies and organizations.

That is the very point. The milk producers have suggested that one way to find additional outlets for their products would be by increasing our contributions to international relief agencies and organizations, such products being directed by the various agencies concerned to receiving countries which could profit by them. Surely the minister is not furthering the passage of this item by resorting to his present procedural attitude. When he was sitting on this side, he would have regarded such an attitude as a serious abridgment of his rights as a member of parliament.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): This is not a serious abridgment of parliamentary rights. The hon. gentleman is well aware of the nature of this item. His subject is something which is entirely different from the matter now before the committee. He will have his opportunity to raise this question, and I am sure it will be discussed to the hearts' content of the hon. gentleman and any other member who is interested. But it is not a matter which concerns this item at all. This is a different year altogether.

Mr. Martin (Essex East): My hon. friend takes that position, but I must say I disagree with him strongly. The brief which the producers presented yesterday to members of parliament of all political parties included among other representations—

Mr. Fisher: See page 2.

Mr. Martin (Essex East): I thank my parliamentary assistant for that information. In the first paragraph on page 2 of the brief it states:

Statistics show that skim milk powder is the only dairy product which can be definitely classified as surplus.

When they referred to surpluses they were, of course, bearing in mind the observations made earlier by the Minister of Agriculture, who referred to the surplus situation of agricultural production generally, a situation which in his judgment may cause a lowering of floor prices or a reluctance not to provide any floor price for other commodities.

Mr. Fleming (Eglinton): Mr. Chairman, I rise on a point of order. My hon. friend is discussing something that does not arise on this item at all. This item has nothing to do with the subject the hon. gentleman is raising. He is talking about surpluses. This item seeks authority to reimburse the agricultural commodities stabilization account for dry skimmed milk that has been donated hitherto to international relief agencies and organizations. This is not an item that arises in the estimates of the Department of Agriculture. This is one that arises in the estimates of the Department of External Affairs. It does not relate to next year or future policy but to the present year, 1958-59. Further, it relates to something that has been done. These are provisions in favour of international agencies, and parliamentary authorization is simply asked for reimbursement of the cost of those provisions to the agricultural commodities stabilization account. My hon. friend is going on to talk about something entirely different.

Mr. Martin (Essex East): Mr. Chairman, I fail to understand how the Minister of Finance can take this position. We could take the

position that until we get a statement of government policy the government ought not to be allowed to proceed as provided for in the item. The Minister should not argue now that we are not at liberty to call attention to what we believe to be inadequacies in government policy. That is surely an unwise course of action. We could suggest that there should be no reimbursement until the government declares its position.

Mr. Fleming (Eglinton): Is that what you propose?

Mr. Martin (Essex East): I simply say we could take that position. By referring to this possibility I reveal the weakness of my hon. friend's procedural argument. This is what the brief says in addition to what I have already quoted, and I invite hon. gentlemen to consider if it is not on all fours with the item now before the committee:

> Many milk producers are of the opinion that our surplus food should be used for economic aid to underdeveloped countries in the Far East. Large numbers of people in this world are starving in the midst of plenty.

The brief then refers us to an article from the *Financial Post* on this subject. We on this side point out that if this is the situation, as undoubtedly it is, the government under this item should give consideration to the announcement of a policy that would provide assistance to the milk producers.

Some hon. Members: Order.

Mr. Martin (Essex East): Some hon. gentlemen shout "order".

Mr. Lennard: I did not say "order"; I said you were stupid.

Mr. Martin (Essex East): What hon. gentlemen are now asserting is that we are precluded from urging the government to take a step that does involve reimbursement to international organizations so as to give relief to the milk producers of Canada, who during the past few days have made representations to the government.

Mr. Lennard: How stupid can you be?

Mr. Fisher: Mr. Chairman, further to the point made by the hon. member for Essex East may I say I did not mind his reference to me being his parliamentary assistant, as long as I am not identified with the Martin bureau of statistics.

There is a question involved here which, it seems to me, needs to be seen in the light of the reputed statement, at least, of the Minister of Agriculture that you could not even give this skim milk away. I am not going to say that he said that as a matter of truth because I did not hear him say it and I have not been able to find it, but I have been told by some milk producers that he did make that statement. Obviously this item is evidence which indicates that it can be given away. As a consequence I would ask the Minister of Finance the names of those particular international relief agencies. What quantities did they receive, and to what countries in the world did they distribute this particular milk? If he has the information I should like to have it.

Mr. Fleming (Eglinton): Yes, Mr. Chairman. The donations of dry skimmed milk already made or expected to be made by the 31st day of this month are as follows: UNICEF, 9,018,166 pounds; Canadian Lutheran world relief, 2,361,750 pounds; Unitarian service committee of Canada, 224,600 pounds; CARE, 1,512,650 pounds; the Canadian council of churches, 127,600 pounds. It is expected that a further requirement will be sought by UNICEF of 350,000 pounds. This makes a total of 13,594,766 pounds.

Mr. Benidickson: What is the practice of the agricultural stabilization board in the matter of delivery? For instance, what freight charges are accounted for in this vote? What is the practice in so far as shipping and delivery costs are concerned? Where are these things delivered?

Mr. Fleming (Eglinton): The practice in Canada has been to deliver at seaboard; that is to say, the recipient takes delivery at seaboard. This is not a uniform international practice, but it is the practice which Canada has followed.

Mr. Martin (Essex East): The Minister of Agriculture is in the house tonight, and one would not expect the Minister of Finance, though his knowledge of these matters is obviously great, to be able to answer all questions dealing with agriculture. Having in mind the complaints which the minister used to make when he was on this side of the house about the minister of finance speaking on behalf of the whole government, would this not be a good opportunity for the Minister of Finance to give his colleagues, those ministers who are responsible for these particular matters, particularly when they are in the house, the opportunity to comment on matters of concern to them. The Minister of Agriculture attempted to rise a few moments ago—

Mr. Fleming (Eglinton): No, he did not.

Mr. Martin (Essex East): —to answer the question I put to him and which the Minister of Finance wished to divert for some other occasion. He wanted to leave this

matter for the estimates of the Department of Agriculture which may be up some weeks from now.

Mr. Fleming (Eglinton): Maybe tomorrow.

Mr. Martin (Essex East): These representations were made during the past few days, and I think what the Minister of Finance ought to do is permit the Minister of Agriculture who, after all, is responsible for this heavy department, to tell the house and the country what is the policy of his department with regard to the use of skim milk, particularly in underdeveloped countries. I think the Minister of Agriculture is anxious to make a speech, and he should be allowed to do so. I would ask the Minister of Finance kindly to signify to the Minister of Agriculture that he gives him permission to answer our questions.

Mr. Harkness: Mr. Chairman, on a point of order, there is no matter of permission from the Minister of Finance to myself or to any other minister in connection with answering these questions. I should like to make that absolutely clear. The hon. member for Essex East is deliberately trying to create a completely incorrect impression as far as the house and the country generally are concerned. He is attempting to give the impression that there is some matter or difference between the Minister of Finance and myself in this. This is completely incorrect.

As the Minister of Finance has indicated, this is not an agricultural item. This is an item under external affairs. This is not the proper place to go into the operations of the Agricultural Stabilization Act. As the hon. member for Essex East well knows, as soon as we are finished with these supplementary estimates we will be going on again with the estimates of the Department of Agriculture, when he will have full opportunity to get any explanations he wants with regard to any of these transactions.

Item agreed to.

741. Purchase of wheat and flour to be given to commonwealth countries in south and southeast Asia to relieve food shortages and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1960, $13,500,000.

Mr. Pearson: Is this an item which concerns the Colombo plan appropriation?

Mr. Fleming (Eglinton): No, it is a special vote.

Mr. Benidickson: On this item I want to make the point again that was made on item 734. We have here a very substantial amount of money, $13,500,000, and the statement has been made that it has not been possible to make any deliveries. We know there are only two weeks to go to the end of the fiscal year for which we are normally asked to make appropriations at this stage of the session.

Members of the house will see the result. The result is a distortion of the over-all accounts for a fiscal year. No doubt other members of parliament will have read recently, as I did, that there was criticism in the United States of an apparent attempt to throw all conceivable and possible items of expenditure into the appropriations for the current fiscal year because of the ambition on the part of the administration there to have a balanced budget in the coming fiscal year. It was said that everybody was reconciled to a big deficit this year, and therefore everything would be thrown into the appropriations for this year in the hope of creating a good effect next year. I have the feeling that perhaps this is in the mind of the minister with respect to this very large item of $13,500,000.

We have had evidence that no deliveries have been possible yet, and I suggest that the minister should be able to estimate a little more carefully what is required up to March 31, the end of the current fiscal year. He could then ask for more than a two months' proportion for the coming fiscal year if he felt that deliveries would be impeded in any way by having less than one sixth of the appropriation.

Item agreed to.

DEPARTMENT OF FINANCE

Payments to municipalities—

742. Grants to municipalities—further amount required including authority for a grant in the amount of $44,382 to the municipality of Port Colborne, Ontario, in respect of the tax years of that municipality commencing on the 1st day of January, 1951, and ending on the 31st day of December, 1954, under section 5 of the Municipal Grants Act as in force on the 31st day of December, 1954, $1.

Mr. Pickersgill: Before item 742 carries I am going to ask the minister a question which I know in advance is out of order. I simply wish to ask him if he will be good enough to have his officials, not tonight but on some early occasion in the future, prepare a table showing the per capita amount of the municipal grants in each of the 10 provinces. In order to explain what I am driving at, what I mean is that I should like the minister to have someone add up all the grants in Ontario, divide that total amount by the population of Ontario, and do the same for each of the other provinces so we will see precisely what this means to one province as compared with another. I wonder whether the minister would be good enough to answer my question.

Mr. Fleming (Eglinton): My hon. friend indicated at the outset when he put his question that he realized it was out of order. There will be an opportunity for him to take up that subject. That information can be had. I would have expected that he would put his question on the order paper, but certainly we are glad to give information of that nature.

Mr. Pickersgill: I thank the minister for his courtesy.

Item agreed to.

DEPARTMENT OF JUSTICE

747. Departmental administration—further amount required including an amount of $3,000 to assist in defraying the costs of the congress of corrections to be held in Canada in 1959, $39,800.

Mr. Martin (Essex East): Mr. Chairman, we appreciate your diligence in calling the items, but do not be too diligent, because it does not give us a chance to follow item by item. I want to ask the minister under this item if he can tell us whether or not it has been possible to obtain any information from the government of the province of Ontario that would facilitate the desire of the federal government to appoint an additional judge in the county of Essex.

My hon. friend will remember that the Minister of Justice was asked this question. He indicated that last year parliament had acquired the necessary legislative authority to appoint a judge in that county, but that there was some difficulty arising out of the procedural requirements in the province of Ontario. Can the Minister of Finance, who is serving tonight for all his colleagues, answer what may to him be an unimportant question but which to the people of Essex county is a very important one?

Mr. Fleming (Eglinton): There is nothing in this item for judges' salaries.

Mr. Pickersgill: Mr. Chairman, this item deals, of course, with the departmental administration of the Department of Justice. I should like to join with the hon. member for Essex East in asking the minister, who is speaking for all his colleagues tonight, if he will make representations both to the Minister of Justice and to the Prime Minister with a view to seeing, now that three months have passed, that a chief justice is appointed in the province of Newfoundland so the courts can function properly and appeals can be heard in the supreme court, where there are only three judges. The minister, being a lawyer, will appreciate quite well that any litigant taking an appeal from a trial judge and having only one other judge to go to is, because of the dilatory conduct of the present government, being denied justice in that province.

Item agreed to.

DEPARTMENT OF LABOUR

Special services—

750. To provide for expenses of the special services branch including expenses for the promotion of a program for combating seasonal unemployment, the organization and use of workers for farming and related industries and assistance to the provinces under agreements entered into with the provinces by the Minister of Labour with the approval of the governor in council, and the movement, reception, supervision and welfare of workers from outside Canada to work on farms and other essential employment where Canadian labour is not available to meet the need—further amount required, $100,000.

Mr. Fisher: I am interested in what part of this item for the winter works project and the advertising campaign usually wrapped up in the phrase, "Do it now".

Mr. Fleming (Eglinton): It is all in connection with the winter work publicity program.

Mr. Fisher: And it has nothing to do with the billboard signs or anything like that?

Mr. Fleming (Eglinton): It is part of the publicity campaign for combating seasonal unemployment in the winter. It is in addition to the item that was voted at the last session for that purpose.

Mr. Pickersgill: Can the minister bring the committee up to date as to the number of persons who are employed in the various winter work programs being carried on by the government?

Mr. Fleming (Eglinton): The winter work programs, or expenditures on winter work programs as such, do not arise under this item at all. This is an item that is designed to provide for publicity to draw the attention of the public to the desirability of undertaking their own work programs during the winter and thus meeting the problem of seasonal unemployment.

Mr. Pickersgill: Do I correctly interpret the minister, then, that this item is for the purpose of providing employment for certain advertising agencies?

Mr. Fleming (Eglinton): No, Mr. Chairman, my hon. friend would not be correct in drawing that conclusion.

Mr. Martin (Essex East): Mr. Chairman, I am sure the house would be very happy if the Minister of Labour were here tonight to give us some information in connection with this item. As the Minister of Finance has said,

this item is not related to the winter work program which has been responsible for placing in employment only some 23,000 people out of almost half a million men and women out of work during the course of the present winter. But as this is a scheme which is intended, and quite properly so, to combat seasonal unemployment it would be very interesting and useful for the house to have some report from the Minister of Finance as to the results of this program.

The amount of this item is $100,000 and if the program were capable of producing employment for a lot of people during the autumn and winter then, of course, there would be the fullest support for it. But as a means of understanding its effectiveness, in view of the fact that unemployment is still a major problem in Canada surely we have the right and indeed the duty to ask the Minister of Finance, who is substituting tonight not only for the Minister of Agriculture but for the Minister of Labour and for the Minister of Justice, to tell us how many men have been put to work under this scheme.

Mr. Fleming (Eglinton): I do not think any hon. member of this house is likely to be misled by the remarks that have just been made by the hon. member for Essex East. But for the record let it be stated that it is the time honoured and invariable practice of this house—and honoured at all times during the time he was a minister—that the supplementary estimates, especially the final supplementary estimates, are piloted through the house in their entirety by the Minister of Finance.

Mr. Pearson: No, no.

Mr. Fleming (Eglinton): Yes; that has been the invariable practice.

Mr. Chevrier: That is so far from the fact.

Mr. Fleming (Eglinton): Therefore I am not substituting for other ministers. I am simply discharging the same function my predecessors have discharged with respect to supplementary estimates, particularly final supplementary estimates, for many a year.

As I pointed out, Mr. Chairman, this is not an item related to an expenditure by the federal government for providing government work. This is an item that relates to appeals that have been made to persons throughout the length and breadth of Canada to undertake their own work programs with a view to providing work during the winter time in order to meet seasonal unemployment. Last summer a national winter employment conference was held in Ottawa. Out of that conference certain recommendations arose.

[Mr. Martin (Essex East).]

One of them was that the federal government should extend and intensify the advertising program which it had successfully conducted in the previous winter. This intensified advertising program has been carried on and, I am told, with gratifying results.

Mr. Pearson: I must refresh the minister's memory on one statement he made, namely that the invariable practice, when we were on that side of the house, was to let the minister of finance take care of all the supplementary estimates. He will recall that on many occasions he used to ask me questions on external affairs on the supplementary estimates.

Mr. Fleming (Eglinton): No.

Mr. Pearson: If he will go back and read some of the old *Hansards* he will find that.

Mr. Fleming (Eglinton): I invite my hon. friend to go back and read *Hansard* for the month of March year by year, and there he will find the correction of his own statement.

Mr. Pearson: I shall be glad to do that. But perhaps the minister will agree with me that I ought to be able to remember whether I was in the chamber on the supplementary estimates when external affairs estimates came up for consideration, whether or not he was. What I am asking is quite in order, I think, on this item. Can he give us a breakdown of this figure of $100,000?

Mr. Fleming (Eglinton): Certainly. Of this total, $5,000 is for publication of informational material. It is to provide for the printing of additional bulletins and other information material arising out of the expansion of the winter employment publicity program. The other $95,000 is for newpaper, radio, film and other publicity.

Mr. Pickersgill: Will the minister say whether that is the total amount being spent on the program? Before he answers that question I should like to supplement what the Leader of the Opposition has said. If the minister would care to look up the discussion on the supplementary estimates on one occasion when I was minister of citizenship and immigration, he will find that during the course of a whole afternoon I was subjected to questions, almost all of which were irrelevant to the item, by his colleague the Minister of Justice, and that no exception was taken by the government of that day to that procedure because we believed in giving parliament the information to which it was entitled.

Some hon. Members: Oh, oh.

Mr. Pickersgill: It seems to me that if the minister is not himself capable of giving the information to which parliament is entitled, we are entitled to have here the minister who has that information. What I should like to know is whether this is the full amount required for this program. I should also like to know how much of this amount is to be paid to advertising agencies, and to what advertising agencies.

Mr. Fleming (Eglinton): On the side of publication of information material, the house provided in the main estimates $10,000. This is an additional $5,000 to make a total of $15,000 for that purpose. With respect to newspaper, radio, film and other publicity, parliament has already appropriated in the previous estimates $140,200. Parliament is now asked to provide a further $95,000 for this purpose, to make a total of $235,200.

Mr. Pickersgill: The minister has not answered my question about how much is used for advertising agencies and to which agencies it is paid. My colleague the hon. member for Kenora-Rainy River has just drawn my attention to the fact that $600,000 was already voted for this purpose in the main estimates. When another $100,000 is added to that amount it is a sizeable sum merely for promotional activities, particularly when being recommended by a Minister of Finance who, when he was on this side of the house, used to bore us hour after hour with speeches about the unnecessary waste of public funds on publications, information and advertising.

I do not want to distract the minister from getting the information I am asking for. I should like to know the names of the advertising agencies and how much is being paid not merely in connection with this additional amount but in connection with the main estimate as well.

Mr. Fleming (Eglinton): That information could not be provided in full now, anyway, because we have not yet come to the end of the fiscal year; but that is information that is always given in full in the public accounts, and will be so given.

Mr. Pickersgill: Will the minister give us such information as is now available?

Mr. Fleming (Eglinton): I shall be glad to furnish my hon. friend with such information. I am not in a position to do it at the moment.

Mr. Pickersgill: Would the minister consent to allowing this item to stand and proceed with some of the others?

Some hon. Members: No, no.

Mr. Pickersgill: Unless he is able to provide us with the information to which the committee is entitled, I think he should accept my suggestion.

Mr. Pearson: If the Minister of Labour were in the chamber perhaps he would have that information available with respect to advertising agencies, and would be glad to give it to the committee.

Mr. Martin (Essex East): The ministers should be in their places.

Mr. Caron: Can the minister tell us how much has been spent for newspaper advertising, how much for radio, how much for films, what is meant by "other publicity", and how much has been spent for television?

Mr. Robichaud: Mr. Chairman, I rise on a point of order. Before we proceed further it might be advisable to report to the Speaker that there is a desk out of order, in order that it may be repaired.

Mr. Caron: I want a breakdown of this item showing how much has been spent for newspaper advertising, how much for radio, how much for television, how much for films and how much for other publicity. I should also like the minister to tell us what he means by "other publicity".

Mr. Fleming (Eglinton): I think my hon. friend is well aware of the fact that this is the form in which this item came before the house and was approved in principle. As to a detailed breakdown, my hon. friend in effect is asking the same question that was asked by the hon. member for Bonavista-Twillingate. The information will be given, as usual, in full in the public accounts. As to the breakdown, the whole thing will be given there in the proper way.

Mr. Caron: I do not admit or accept the suggestion that because an hon. member has asked a question which has not been answered, it cannot be asked by any other member. Because the hon. member for Bonavista-Twillingate has asked a question similar to this one, which the minister has not answered, the minister seems to think I have no right to come back and ask that same question again. He tells me that this information will appear in the public accounts. But this is a new item.

Mr. Fleming (Eglinton): No.

Mr. Caron: It is a new item. It is in addition to the item that was voted. It is a new amount of $100,000. According to standing order 59, subsection 2, we have the right to know the answer.

The hon. gentleman laughs. That shows his intelligence; he does not understand anything. It would be a lot better if the minister would stand up and answer. The minister cannot do that. He should not laugh that way, because we have the right to know, and as long as he does not answer we will keep asking. I will keep the house waiting so that the minister will give his reply. Since the beginning of the debate the minister has tried to stop the opposition from asking questions, and is refusing to give answers to questions we have a right to ask. He has not the right to stop parliament by refusing to answer questions.

The Chairman: May I remind the hon. members that the use they are making of their desks is not quite parliamentary. Therefore I must ask the hon. members of the house to please refrain from this rather childish display which has been going on for the last five minutes.

Mr. Pearson: Mr. Chairman, I think it has been rather a childish display on the other side in the serious way in which they approach the expenditure of public funds. What we asked the minister was a perfectly proper question, namely for a breakdown of an expenditure of $100,000 which he is asking parliament to appropriate. In our request for that breakdown we asked him to give us information as to how this money is being spent, and through what private agencies it is being spent. But the minister said, "Wait for the public accounts a year from now". That is a strange constitutional position to be taken by the Minister of Finance, of all people.

Mr. Herridge: Mr. Chairman, I want to support the other speakers in this respect. As the leader of the official opposition has just said, the minister replied that we would get the details in the public accounts, which means a year after the money has been voted by this parliament. We in this group think that is an affront to parliament. We are entitled to know the details before we pass the item.

Mr. Fleming (Eglinton): The hon. member is completely overlooking the fact that he is dealing with an appropriation. Parliament is being asked to provide this money. It is something new to have the government asked to give the details of expenditures when an amount is being appropriated for a purpose, only part of which amount has been spent. The proper and constitutional position, and the one which as far as I am aware has always been recognized, is that a breakdown of expenditure is given to the house in the public accounts after proper audit. What the house is now being asked to approve is the appropriation of a further sum for a purpose already approved by the house.

Mr. Chairman, the house had this matter before it at the last session, when it approved this type of expenditure in principle and approved the amounts that I referred to earlier. This is a request for sums in addition to those previous sums, and these will be fully accounted for to parliament. This is the first time that I recall a request being made for a breakdown of all expenditures made under the main item when a further amount has been asked for in the final supplementaries. I have already indicated to the house that this information of course will be given to the house, and if the house wishes this before this amount has been audited or gone through the Auditor General's hands or through the public accounts, this information can be given in the form in which it will be available to us when the money has been expended. But I hope I will not be asked to provide a breakdown of all expenditure when we are asking for an appropriation, part of which only has been expended.

Mr. Hardie: What do you base your appropriation on?

Mr. Fleming (Eglinton): It is based upon the expanded program which was asked for since parliament met last. Some of this expenditure has been made under appropriation, and we are now asking for this further sum to provide for the cost of the expansion of the program which has been undertaken through to March 31.

Mr. Pearson: Mr. Chairman, the minister must know, as a student of parliamentary procedure, as well as a matter of constitutional propriety, that there is no difference whatever between a supplementary estimate and a main estimate in so far as procedure and constitutional practice are concerned. What we are being asked to do is to vote $100,000 for a stated purpose. That money has to be spent presumably between now and March 31. It has to be spent between the day it is voted and March 31, 10 or 11 days hence. We are asking the minister to tell us how this money will be spent during that short time, through what agencies, and the names of those agencies. The very fact that there is a short time between this date and the end of the financial year, for which $100,000 is being asked of parliament, surely justifies us in our curiosity as to how this money will be spent and in asking for the details.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. gentleman has misapprehended what I

said. I did not say this was all going to be spent between now and the end of March. On the contrary—

Mr. Pickersgill: Has some of it been spent already?

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: Before it has been voted?

Mr. Fleming (Eglinton): No. This was appropriated in the proper manner. This was provided under miscellaneous minor and unforeseen expenses, according to the vote provided for that purpose by parliament. This is in part a recoupment and in part an estimate of the amount required to carry through the expanded publicity program to March 31.

Now, in dealing with the hon. gentleman's first point, we have had this matter up before. The point of difference between a main item and a supplementary item is that the question of principle is deemed to be decided when the main item is approved. We have had that up for discussion at the present session and it has been the subject of rulings. No one questions at all the right of full discussion of the amount. I was dealing with the difference in the matter of approval in principle of the purpose of an item.

Mr. Pearson: Am I to understand that a part at least of this money—and perhaps the minister may be able to tell us what part—has already been spent under another vote, and that we are now being asked for a new appropriation to cover money already spent under another vote? Is that the situation?

Mr. Fleming (Eglinton): Oh, yes, that is the situation, and it is a situation which constantly arises, year after year, in the case of supplementary estimates; because parliament has for many years made provision in the vote to which I have referred—the vote for miscellaneous, minor and unforeseen expenditures—to deal with amounts, usually not major amounts, which are required during the year to meet unforeseen contingencies.

This is the way in which this item has arisen. The need for an expansion in the program was indicated; it was asked for by the conference which met here last summer, and having regard to the useful results achieved by this expenditure previously, it was deemed desirable that the expenditure be increased as recommended by that conference.

Mr. Martin (Essex East): These are important matters, and one regrets very much that the Minister of Finance should have taken the position he has in answering the comments made by the Leader of the Opposition and other hon. members. The situation is not at all altered because of the fact that this is a supplementary item involving a principle with which we have previously had an opportunity to deal. The fact before us now is that we are being asked to vote an additional sum of $100,000 to provide for the expenditures of the special services branch, and this special services branch item includes expenditure for the promotion of a program for combating seasonal unemployment, the organization and use of workers for farming and related industries. Personnel are being employed by this administration for these laudable purposes, yet the most we have been able to obtain from the Minister of Finance is a statement that the results have been gratifying.

That is not sufficient. We want to know what results justify this statement about gratification, because the unemployment statistics certainly do not support the statement made by the Minister of Finance. We are entitled under this vote to know who are the individuals whose expenses are being provided. We are entitled to know, as the hon. member for Bonavista-Twillingate asked, what advertising companies are being used for the purpose mentioned. We all remember that at the beginning of this session evidence was produced in this house showing that employment was being given in a particular section of Manitoba at the instance of the Conservative party organization, and great complaint was registered against that practice. No objection was taken by hon. members opposite with regard to the allegations made.

Are the moneys we are now being called upon to vote to be used in that manner? The Minister of Finance can satisfy our legitimate curiosity in this matter by giving us the information for which he was asked. If he does not possess that information why does he not call for his colleague the Minister of Labour, who undoubtedly has it at his finger tips? And if the Minister of Labour is not here, then surely, in view of the rights of an opposition and of all members of parliament to know why money is being voted, this item ought to stand.

I suggest to the Minister of Finance, in the friendly spirit I always adopt in any observations I have to make regarding him, that he should take this advice. Simply to expect us to pass a vote for $100,000 for the purpose contemplated in this item when we know there have been abuses in this field in the past—abuses which have been drawn to the attention of the house in respect to one of the constituencies in Manitoba—is asking the committee too much. One president of a Conservative association said he was the man who gave work in a particular constituency. I do not believe that a similar situation exists all over Canada, but we were told, according to the Winnipeg *Free Press*,

and the story was not denied, that this was the practice in that constituency, at least.

Mr. Pallett: Is the hon. member opposed to the winter work program?

Mr. Martin (Essex East): The hon. member is among those who should be very concerned about providing work for the unemployed. He not only needs work for his constituents in the winter, but he had better see that this government takes steps to provide work in his constituency for a longer period than that.

It will not be sufficient for the Minister of Finance simply to say that he has not this information, or that it can be given in three or four months. We are being asked to vote moneys now, and we are entitled to have all the facts before us in order to enable us to determine whether or not this particular item should be voted as recommended by the government.

Mr. Fisher: Since the hon. member for Essex East has raised the Manitoba question, I might point out that we were given an undertaking some time ago by the Minister of Northern Affairs and National Resources that when the hon. member for Brandon-Souris was back in the house he would explain this particular incident in connection with the work program in that area. I wonder whether the minister might take this opportunity of doing so, since the question has been raised?

The Deputy Chairman: Shall this item carry?

Mr. Pickersgill: No, no. I have two or three more questions I should like to ask the minister. Surely the minister knows how much has been taken from the unforeseen contingencies vote, and how much new money he is asking. I may say that the Minister of Finance is not the only person in this chamber who has presented supplementary estimates. There are some of us on this side of the chamber who have done so. Certainly anyone who has ever presented supplementary estimates knows that the first question a minister is supposed to be able to answer is why he needs the extra money; and before he can explain that he must, of course, know how much of the main vote has been spent. Perhaps I have put that in a fashion sufficiently elementary for even the Minister of Finance to apprehend.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I think we are entitled to know how much of the original appropriation of $600,000 has been spent, how much has been added and spent out of the unforeseen contingencies account, and how much of this money it is intended to spend between March 19 and March 31. Surely these three figures can be given right away. If they cannot it means that someone has fallen down in preparing information for the minister to give to the house, because that is the first question any competent minister asks his staff before he brings estimates of this sort before the committee. He says, "How much is left in the main vote, and why do we need this extra money?" It is elementary. It is so obvious that I should have thought even the Minister of Finance, after his 20 months in office and 18 hours of work a day, would have found that out. Perhaps the minister would give us this information.

[Mr. Martin (Essex East).]

Mr. Fleming (Eglinton): Perhaps the hon. gentleman would go on to indicate his further questions. I have sent a communication to the official concerned, but he is ill tonight and the information will not be available tonight for that reason. If the hon. gentleman will continue with his further questions and put them on record we will be glad to obtain the information.

Mr. Pickersgill: Since the minister cannot provide this information tonight I will indicate briefly the other questions I have in mind. They are largely a reiteration of those I have already asked, but I will ask them in a different form so the minister will have no trouble about providing the information.

I should like to ask the minister if he can tell us how much of this money has already been spent. I am not talking about what he proposes to spend, but for the amount spent up to the latest date at which the bills were paid, or any other convenient accounting date. I do not expect the minister to tell us the position as at March 19, but I should like him to say how much has been spent to the latest available date on newspaper advertising, radio advertising and film advertising, and what are the other categories of publicity. In particular I should like to know how much has been spent through advertising agencies, and what are the names of the advertising agencies.

This is the kind of information which hon. members opposite, when they were over here, were constantly seeking. It is something which parliament is perfectly entitled to know before it appropriates an additional amount for a vote of this sort, and it is the kind of information which I think should be provided.

To assist the minister to get on with some of the other items, I suggest he should let this item stand until tomorrow morning, when we can make an intelligent decision about it.

Mr. Fleming (Eglinton): That, in the circumstances, is a course which is agreeable to me. I point out again that the official with whom I have sought direct communication is ill this evening, and that is the situation we are facing.

Mr. Pickersgill: Is the minister willing to let the item stand?

Mr. Fleming (Eglinton): Yes.

The Deputy Chairman: Does the committee agree to let this item stand?

Some hon. Members: Agreed.

Item stands.

Vocational training co-ordination—

751. To provide for carrying out the purposes of the Vocational Training Co-ordination Act and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council to provide financial assistance to vocational schools, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—payments to the provinces—further amount required, $854,856.

Mr. Fisher: I should like to know how much of this appropriation is going to the province of Quebec.

Mr. Herridge: While the minister is looking up that information, I should like to say that the members of the C.C.F. group support wholeheartedly the purpose of this item. This supplementary item is for a considerable sum, $854,856, and I should be glad if the minister could inform us whether this means that there has been an increase in the number of vocational training schools or a substantial increase in the number of pupils attending these schools in the various provinces. Can he gives us some idea why this extra money is required? Is it because the act referred to in the item is producing increasing results?

Mr. Fleming (Eglinton): Mr. Chairman, I may say to my hon. friend that the enrolments in apprenticeship training schools during the current year have shown significant increases in the provinces of Nova Scotia, Ontario, Alberta and British Columbia that were not foreseen when the main estimates were approved by this house. I think the committee will be gratified to know that extended use of the facilities provided for apprenticeship training is being made.

Mr. Denis: Mr. Chairman, do I understand that there is nothing for the province of Quebec in this vote

Mr. Fleming (Eglinton): Part of the increase that is provided in item No. 751 arises by reason of an increase in the enrolment of those particular provinces. I may point out that all the provinces share on the same basis according to the terms of the scheme. The province of Quebec has made extensive use of the facilities of this vocational training plan. As I believe the hon. gentleman is aware, it has been a very successful example of federal-provincial co-operation right across Canada.

In reply to the question asked by the hon. member for Kootenay West, I mentioned the increase in apprenticeship training but there is also another matter I might mention. When the main estimates for 1958-59 were passed provision was made for an expenditure of $4,782,000 for vocational and technical schools assistance, including $3 million for capital assistance. Present indications are that payments to the provinces this year for annual and capital projects will total $5,148,484. Included in this forecast of expenditures is the sum of $547,000 relating to 1957-58 commitments which had not reached the point of being paid at March 31, 1958. In addition there is provision here to restore an amount deducted in the main estimates which represented the estimated amount by which the actual payments were expected to fall short of the maximum amount set out therein. That was a figure of $300,000.

As to the final distribution among the provinces for the fiscal year, it is not possible to give that yet. What we are dealing with here is an estimate of the sum required according to these expanded programs for the fiscal year. The actual breakdown as among the provinces will not be available until after March 31.

Mr. Denis: Mr. Chairman, I do not wish to delay the committee unduly, but if the minister has the total amounts surely he could tell us what part of this large sum has been spent in the province of Quebec by agreement of some kind. I am not against this vote, but I am interested in knowing what part of this total amount has been spent in the province of Quebec by agreement with that province.

Mr. Fleming (Eglinton): Mr. Chairman, the total amount required for the vocational training co-ordination payments to the provinces is estimated at $8,210,756 including this proposed supplementary appropriation of $854,856. I cannot give the hon. gentleman at this time the distribution to date. I can obtain the figures for payments made up to the last date of payment. We are dealing here with an estimate of the amount required to carry through the entire program to March 31.

Mr. Denis: Perhaps as a start the minister would be kind enough to give the figures he has, because we are interested in this vote and in getting our share. If it is to

be shared by the provinces surely the province of Quebec should be entitled to at least a part of the $8 million being spent by the taxpayers of all Canada.

Mr. Fleming (Eglinton): All the provinces share in this appropriation in accordance with the use they make of it. If the hon. member wishes to know what amount has been actually spent and what the actual distribution is up to the last date of payment I shall be glad to secure that information and send it to him.

Mr. Chevrier: Mr. Chairman, may I ask this question of the minister, which perhaps follows upon what the hon. member for St. Denis has been saying. Following the answer that has been given, does this mean that Quebec is accepting aid for education?

Mr. Fleming (Eglinton): This vocational training plan has been in effect, for some years, as my hon. friend is aware, and Quebec has always participated actively in the vocational training program.

Mr. Chevrier: The youth aspect of this item includes scholarships does it not?

Mr. Fleming (Eglinton): Mr. Chairman, it is vocational training.

Mr. Chevrier: But the item refers to training under youth training projects and to providing for expenditures thereunder. Does that not include scholarships?

Mr. Fleming (Eglinton): No, Mr. Chairman.

Mr. Denis: Mr. Chairman, as we cannot obtain the right figures perhaps it would be a good thing to let this vote stand until a later date in order to obtain details about it. If I am correct in my recollection I believe the province of Quebec has accepted part of this vote in some years and in some other years it has refused it, or has forgotten to renew agreements in some fiscal years.

As far as the fiscal year 1958-59 is concerned, I have a special reason for asking that this vote should stand until we get a precise answer to this question. I must assure the minister I am not against the vote. On the contrary I am in favour of this vote, so much in favour of it that I would like to see the province of Quebec share in this large amount.

Mr. Fleming (Eglinton): Mr. Chairman, the province of Quebec, as the hon. member knows, receives its full share according to the plan.

Mr. Denis: It receives its full share under the agreements it makes, but when there is no agreement it gets nothing at all. Is that what I heard from the Minister of Finance?

[Mr. Denis.]

Mr. Fleming (Eglinton): No, that is not what you heard from the Minister of Finance.

Mr. Denis: What did the minister say? Suppose Quebec does not sign an agreement as far as this vote is concerned. Does that mean the province receives its share just the same?

Some hon. Members: Order.

Mr. Denis: I am waiting for the answer of the minister. I do not have the books with me.

Mr. Stinson: Get them, then.

Mr. Denis: I am sure the minister could easily obtain this information. It would only require a moment tomorrow for him to tell the committee what is the situation, if this vote were to stand until tomorrow or until the next sitting of the committee. I want the province of Quebec to get its share of a good vote such as this.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member keeps reiterating that he wants Quebec to have its full share. The fact is that Quebec does receive its full share. All the provinces share in this vocational training plan. This is not a new thing. This plan has been in operation for many years. As a matter of fact I think the plan has been in operation during nearly all the time the hon. member has been in this house, because this plan goes away back before the war.

Mr. Pickersgill: It was started by Norman Rogers.

Mr. Fleming (Eglinton): Yes, it goes back to the middle thirties, as I recall it. There is nothing new here, and Quebec has always participated in it.

Mr. Martin (Essex East): The hon. member wants to know the amount.

Mr. Denis: That is all I ask. To what extent does Quebec benefit during this fiscal year?

Mr. Fleming (Eglinton): Quebec has benefited to the same extent as every other province, Mr. Chairman.

Mr. Denis: That is not an answer.

Mr. Pickersgill: Mr. Chairman, did I understand the minister to say in reply to the question of the hon. member for Laurier that there were no scholarships under this scheme? Speaking from recollection my understanding is that a part of this scheme related to scholarships, particularly in the youth training field.

It may be that they have been dropped in recent years, but I wish the minister would clear up that point.

Mr. Fleming (Eglinton): I am told that there is a small scholarship fund provided within the ambit of this scheme.

Mr. Chevrier: It follows, then, that a portion of this is being paid toward education.

Mr. Fisher: Mr. Chairman, I should like to ask the minister whether these particular scholarships are what are known as dominion-provincial bursaries. I should also like to know whether any of this extended program, or extended expansion, is going on under what is called schedule "M"; that is, apprenticeship training, not so much for youth but for people who are in effect being retrained under the unemployment insurance commission.

Mr. Fleming (Eglinton): The answer to my hon. friend's question is in the negative. He evidently refers to that type of training which is for rehabilitation purposes, and comes under schemes that are supervised by the Department of National Health and Welfare. The type of program that we are dealing with here is one providing for apprenticeship training and vocational and technical schools assistance.

Mr. Fisher: I understood that schedule "M" was administered by the Minister of Labour.

Mr. Fleming (Eglinton): I am sorry; part of the program does include unemployed workers. My hon. friend and I were at cross-purposes a moment ago and talking about two different things. Here are the items in the schedule which I think is the schedule to which my hon. friend refers. There is youth training; there is apprenticeship training; vocational and technical schools assistance, which is the big item; there is foremanship and supervisory training, which is a very small item; training of unemployed workers; training of disabled persons; training of persons to fit them for the armed forces; training of persons for other departments of the federal government; vocational correspondence courses. These latter branches of the program are quite small in comparison. The large items are vocational and technical schools assistance and the apprenticeship training.

Mr. Fisher: Mr. Chairman, one of the points that interest me in this item and in the previous one that we allowed to stand is that in all our localities we have local committees, usually of interested citizens, to advise the employment officers on certain aspects, especially in initiating works under schedule "M". One of the things I am interested in is this. Are any funds given to those local committees? What budget do they operate under, or what are the facilities and services they use that are provided by the Department of Labour? I am especially interested in knowing whether more money is being given to those local groups to initiate more work under schedule "M"? This has been one of the strongest demands this winter, but it is too late. In my constituency over 30 per cent of the labour force is not working. There is strong pressure for this program of retraining and rehabilitation of the unemployed, but so far as I know this year no one has been able to get the wider program working.

The minister says more money is being spent. I would like to know a bit more about this. If this item is going to stand as the previous one did, I would appreciate it if, when the minister comes back to the house again he would give us more information on these particular points.

Mr. Fleming (Eglinton): I trust there is no need to stand this item. I can give my hon. friend the breakdown of these different parts of the total. I indicated that the total amount, including the present proposed additional item, is $8,210,756. Now, here are the programs into which it is broken down: Youth training, $389,076; apprenticeship training, $1,792,113; vocational and technical schools assistance, $5,148,484; foremanship and supervisory training, $12,992; training of unemployed workers, $499,021; training of disabled persons, $296,-112; training of persons to fit them for the armed forces, $42,958; training of persons for other departments of the federal government, nil; vocational correspondence courses, nil. That is the breakdown of this proposed vote.

Mr. Chevrier: After the enumeration which the minister has given and the earlier one he gave in answer to an hon. member, it is not clear, and will the minister not say whether it is clear, that this is undoubtedly a contribution to education?

Mr. Fleming (Eglinton): These are payments to the provinces in pursuance of the Vocational Training Co-ordination Act. Now, I will have to leave my hon. friend to draw his own deductions in his own way and make his own interpretation. He will do it anyway.

Mr. Chevrier: It would be easier if the minister answered the question.

Mr. Fleming (Eglinton): I am not so sure that it would.

Mr. Caron: Can the minister tell we whether he has received any protest from the province of Quebec about federal assistance to technical schools and vocational training in the province of Quebec?

(Translation):

Mr. Johnson: Ask Mr. Lesage.

Mr. Caron: If I did, he would indeed be able to give me an answer.

(Text):

Was there any protest from the province of Quebec against the help given by the federal government for educational purposes, namely educational assistance for technical schools and vocational training?

Mr. Fleming (Eglinton): None that I am aware of, Mr. Chairman. As I have indicated, the province of Quebec has participated in this scheme now for many years.

Mr. Caron: Therefore when it comes to training of the labouring class there is no protest, but when it comes to higher education there is a protest. Is that what I am to understand from what the minister says?

Mr. Martel: There is a difference between technical schools and education.

Mr. Caron: Just as much as there is between an intelligent man and the hon. member.

Mr. Denis: Can the minister give any serious reason why he should not allow this item to stand and go on with some other item?

Mr. Fleming (Eglinton): Yes, I have a very good reason. It is ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is for tomorrow, and perhaps we might get some indication of what it will be for the early part of next week?

Mr. Green: Mr. Speaker, tomorrow we intend to move concurrence in the Senate amendments to Bill No. C-26, to amend the Northwest Territories Act, which appears as the first item on today's order paper. Then we shall continue with the supplementary estimates.

It is always somewhat of a problem to hold the members of the other place here beyond certain days. I think we shall have royal assent tomorrow at 5.45, and we would hope it will be possible to have these supplementary estimates through and the bill passed here and in the other place and assented to. Then we will take agricultural estimates.

Monday will be private members' day. On Tuesday we shall start with item No. 7, the resolution concerning parliamentary secretaries, and then take item No. 8, the resolution concerning freight rates. Incidentally, I think that bill will be sent to the standing committee on railways, canals and telegraph lines. Then we will take item No. 3, the bill to amend the Canada Shipping Act, which will also go to the same standing committee, and then item No. 9, the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Denis: In order that the minister may be satisfied may I suggest that the Minister of Finance get the answers to the questions we asked just before 10 o'clock.

Mr. Chevrier: May I ask the minister if on Wednesday we will go on with any of the unfinished business announced for Tuesday?

Mr. Green: Yes, Mr. Speaker.

It being three minutes after 10 o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PRINCIPAL OFFICERS, NATIONAL MUSEUM

Question No. 169—**Mr. Argue:**

1. Who are the senior officers of each branch of the national museum of Canada?
2. What positions do each of them hold?
3. What are the duties and responsibilities of each?
4. When was each officer appointed?
5. What are the qualifications of each of these senior officers for the position he or she now occupies?
6. What is the citizenship status of each of these officers?
7. What salary does each officer receive?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

As of the date of the question (February 19):

1. (a) Dr. L. S. Russell, (b) Dr. A. E. Porsild, (c) Dr. H. J. Scoggan, (d) Dr. A. W. F. Banfield, (e) Mr. W. E. Godfrey, (f) Dr. J. Rousseau, (g) Dr. R. S. MacNeish.

2. (a) Director, national history branch of the national museum of Canada; (b) Biologist 5, (c) Biologist 4, (d) Biologist 5, (e) Biologist 4, (f) Director, human history branch of the national museum; (g) Biologist 5.

3. (a) Directs the operation of the natural history branch of the national museum of Canada.

(b) Heads the national herbarium section of the natural history branch, and acts as curator of botany, responsible for the herbarium collection; responsible for the conduct of botanical surveys and research, and for the exhibition of botanical specimens; responsible for the preparation of reports and papers on botany.

(c) Associate curator of botany in the natural history branch, conducts botanical surveys and research, and supervises the preparation of botanical exhibits; prepares reports and papers on botany.

(d) Head of zoology section of the natural history branch and acts as curator of zoology; responsible for the conduct of surveys and research in zoology and mammalogy, and for the exhibition of zoological and mammalogical specimens; responsible for the preparation of reports and papers on zoology and mammalogy.

(e) Curator of ornithology in the zoology section of the natural history branch; conducts field surveys and research on the birds of Canada and supervises the preparation of ornithological exhibits; prepares reports and papers on ornithology.

(f) Directs the operation of the human history branch of the national museum of Canada.

(g) Heads the division of archaeology of the human history branch; responsible for the conduct of surveys and research in archaeology, physical anthropology, ethno-history and ethno-botany; responsible for the preparation of exhibits, and for the preparation of reports and papers on these subjects.

4. (a) To geological survey, October 1, 1930 to June 30, 1937; to department: July 1, 1950; to present position: November 10, 1956.

(b) To department: April 7, 1926; to present position: April 1, 1956.

(c) To department: June 4, 1947; to present position: June 4, 1947.

(d) To department: May 15, 1946; to present classification: September 27, 1957.

(e) To department: February 5, 1947; to present position: January 1, 1953.

(f) To department: January 1, 1957; to present position: January 1, 1957.

(g) To department: June 20, 1949; to present position: April 1, 1958.

5. (a) B.Sc., M.A., Ph.D.; (b) B.A., Ph.D.; (c) B.Sc., M.Sc., Ph.D.; (d) B.A., M.A., Ph.D.; (e) B.Sc.; (f) B.A., D.Sc.,(Ph.D.); (g) B.A., M.A., Ph.D.

6. (a) Canadian citizen, (b) Canadian citizen, (c) Canadian citizen, (d) Canadian citizen, (e) Canadian citizen, (f) Canadian citizen, (g) American citizen.

7. (a) $11,000, (b) $9,420, (c) $8,580, (d) $8,700, (e) $8,220, (f) $11,000, (g) $8,340.

POSTAL STATION "O", ST. LAURENT, QUE.

Question No. 276—**Mr. Rouleau:**

1. Did the postmaster general or other members of the cabinet receive written representations from the mayor of St. Laurent, his honour Maurice Cousineau, requesting that the postal station "O" located in St. Laurent, be named St. Laurent post office?
2. If so, on what date were such representations received?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.
2. September 11, 1958.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF EXTERNAL AFFAIRS

Terminable services—

734. Purchase of flour to be given to the United Nations relief and works agency for Palestine refugees in the Near East—further amount required and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1960, $1,500,000.

735. Canadian government's assessment toward financing the United Nations emergency force in respect of the calendar year 1959 in the amount of $472,287 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1959, which is $458,118.

736. Canadian government's contribution towards the Far Eastern program of the intergovernmental committee on European migration, $60,000.

737. Gift of two clerks' tables to the parliament of the West Indies, $2,600.

738. Gift of furnishings to the information office of the headquarters of the United Nations educational, scientific and cultural organization, $5,000.

739. Grant to the Canadian Atlantic co-ordinating committee for organizing a youth conference on the North Atlantic treaty organization, $2,000.

740. To reimburse the agricultural commodities stabilization account for dry skimmed milk donated to international relief agencies and organizations, $951,634.

741. Purchase of wheat and flour to be given to commonwealth countries in south and southeast Asia to relieve food shortages and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1960, $13,500,000.

DEPARTMENT OF FINANCE

Special services—

Payments to municipalities—

742. Grants to municipalities—further amount required including authority for a grant in the amount of $44,382 to the municipality of Port Colborne, Ontario, in respect of the tax years of that municipality commencing on the 1st day of January, 1951, and ending on the 31st day of December, 1954, under section 5 of the Municipal Grants Act as in force on the 31st day of December, 1954, $1.

Contingencies and miscellaneous—

743. Telephone service at Ottawa for all departments—further amount required, $28,000.

744. To authorize the treasury board to delete from the accounts certain debts due to and claims of Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $907,950.75, $1.

DEPARTMENT OF FISHERIES

Field services—

745. Field services administration—further amount required, $20,000.

Special—

746. Canadian share of expenses of the international commissions, as detailed in the estimates—further amount required, $20,000.

DEPARTMENT OF JUSTICE

A—Department—

747. Departmental administration—further amount required including an amount of $3,000 to assist in defraying the costs of the congress of corrections to be held in Canada in 1959, $39,800.

Northwest Territories territorial court—

748. Administration, including administration of justice—Northwest Territories — further amount required, $8,900.

Yukon territorial court—

749. Administration, including administration of justice—Yukon Territory—further amount required, $19,000.

HOUSE OF COMMONS

Friday, March 20, 1959

The house met at 11 a.m.

PRIVILEGE

MR. MCMILLAN—REFERENCE TO REMARK IN DEBATE BY MINISTER OF FINANCE

Mr. W. H. McMillan (Welland): Mr. Speaker, I rise on a question of privilege. In committee on Wednesday I claimed that bonds were advertised in units of up to $1 million, and the Minister of Finance said, "How ridiculous can you become?" I have here a pamphlet from the Bank of Canada, authorized by the Minister of Finance, indicating that these bonds were available in units of up to $1 million.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the hon. member, in referring to this matter of the issuance of bonds in denominations of $1 million as well as smaller denominations, used this to base a statement that the government was interested in obtaining borrowings from big interests. The fact is that the denominations in which the last bonds were issued are precisely the denominations which have prevailed in government issues for some years. It suits the convenience of some purchasers of bonds—insurance companies, banks and others—to take them in these larger denominations; but the denominations are precisely those which have prevailed for some years. There are smaller denominations as well as the larger ones, and we are glad to have the opportunity of doing business with everybody who wishes to buy Dominion of Canada bonds on the terms on which they are offered. There is no justification whatever for the statement made by the hon. member that this was an attempt to tailor this issue to larger interests.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO APPOINTMENT OF COMMISSIONER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister whether he will be in a position soon to announce the appointment of a commissioner of the R.C.M.P., and whether he can give the house an assurance that the appointment will be made from within the force?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think that question should be appropriately asked of the Minister of Justice.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have had indications of concern about this matter from other hon. members, particularly the hon. member for Athabasca. In reply I should say that no consideration whatsoever has been given, or is being given, to the appointment of someone from outside the force as commissioner; no consideration whatsoever. We expect in the immediate future to be making a recommendation for the appointment of a commissioner from within the R.C.M. police, and as soon as the recommendation has been dealt with an appropriate announcement will be made.

Mr. Pearson: The reason I asked the question of the Prime Minister was that the commissioner, as I understood it, has the status of a deputy minister; that therefore the appointment was to be made by order in council on the recommendation of the Prime Minister.

Mr. Diefenbaker: Mr. Speaker, I can understand that, but this matter comes particularly under the jurisdiction of the Minister of Justice, and I know the Leader of the Opposition will be very pleased at the answer which represents the viewpoint of the government.

EXTERNAL AFFAIRS

VISIT OF U.K. STATESMEN—INQUIRY AS TO FURTHER CONSULTATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wonder if the Prime Minister could tell the house whether, following the important visit of Prime Minister Macmillan and Mr. Lloyd to the United States, arrangements have been made with the Canadian government for further consultations on the ministerial level, or what steps will be taken for further consultation on these very important questions?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, at the moment I have nothing to report in that connection. I outlined last evening something of the general situation. Of course this is a matter which is constantly before us, and we intend to exert every influence to the end that tensions may be relieved or diminished.

Inquiries of the Ministry

Mr. Argue: I wonder if the Prime Minister can say whether a report will be made to him following these important discussions, in any event?

Mr. Diefenbaker: There is continued communication, Mr. Speaker, and this government is kept fully advised as to those things which are happening which are of world interest and are known to other allied countries.

TRADE

OIL—REPORTED CANADIAN EXEMPTION FROM U.S. IMPORT RESTRICTIONS

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Trade and Commerce if he is not now in a position to say that there was no foundation in fact for the story suggested the day before yesterday, and referred to by the Leader of the Opposition by way of interrogation, to the effect that the United States government was going to relax its mandatory curbs on Canadian oil imports on the ground of national security? Is it not a fact that there is now found to be no foundation for the story whatsoever?

Hon. Gordon Churchill (Minister of Trade and Commerce): I can find no foundation in fact for the story.

SALT FISH—REQUEST FOR STATEMENT ON MARKETING

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Is the minister in a position today to give the statement on salt fish marketing which he promised would be given before the Easter recess?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this is a repetition of a question which was asked me on March 18, when I gave an assurance that I would make a statement on this matter before the house rises for the Easter recess.

Mr. Pickersgill: When does the minister propose to make it?

Mr. Fulton: Before the Easter recess.

AIR TRANSPORT

AUSTRALIA—STATEMENT RESPECTING RENEWAL OF AGREEMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, last evening the hon. member for Laurier directed a question to me which will be found on page 2050 of *Hansard*. The question was as follows:

I should like to know if arrangements have been made or are being made to renew the commonwealth air agreement. The Prime Minister will probably remember that the late secretary of state for external affairs on two occasions said that the air agreement had been extended first to February 6 and later to March 11.

On February 6 and February 17 the house was informed that Canada was pressing for a continuation of air services between Australia and Canada which were endangered by technical considerations concerning the frequency and capacity of flights. Full discussion of the present bilateral air agreement will take place in Australia early in April, and my hope is that the Australian government, like the Canadian government, desires to maintain and perhaps extend this tangible and mutually beneficial link between the two countries. Meanwhile authority has been granted to extend the temporary permits for weekly flights while discussions take place.

LIVESTOCK

ONTARIO—COMPENSATION FOR ANIMALS LOST THROUGH RABIES

On the orders of the day:

Mr. E. A. Winkler (Grey-Bruce): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Has the minister noticed in this morning's press a statement emanating from Toronto with respect to compensation for animals lost through rabies? If so, would the minister evaluate these reports and perhaps give the house any further information he has concerning this matter?

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker. I saw this statement, and I may say that we have been carrying on negotiations with the Ontario department of agriculture with regard to working out a joint dominion, provincial and municipal form of assistance to those who have lost animals as a result of rabies. The federal Department of Agriculture will share in a county-provincial program to indemnify Ontario farmers who suffer heavy livestock losses from such epidemics. Other provinces which may wish to enter into a similar scheme would, of course, be eligible.

Responsibility for initiating the plan will rest with the county authorities. They will value the animals, pay the owners, and then will be eligible for reimbursement to the extent of 80 per cent of the amount paid, which will be shared equally by the province and the federal government. In short, the

cost will be shared 20 per cent by the county, 40 per cent by the province and 40 per cent by the federal government.

Compensation will be paid on animals certified by federal veterinarians as having died from rabies on or after April 1, 1958. Maximum values for compensation purposes will be $250 for cattle, $100 for horses, and $40 for sheep, swine and goats. The livestock toll recorded from April 1, 1958, to February 28 this year included 1,149 cattle, 48 horses, 122 sheep, 19 hogs and 1 goat.

The indemnification program is not being undertaken as a disease control measure under the provisions of the Animal Contagious Diseases Act. The arrangements will, however, help to offset heavy economic losses, and encourage farmers to report suspected rabies infection. This in turn will aid federal veterinarians in locating disease outbreaks and instituting control measures.

INDIAN AFFAIRS

SIX NATIONS RESERVE—REQUEST FOR STATEMENT ON PRESENT SITUATION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): In view of recent press reports I wonder whether the hon. lady, the Minister of Citizenship and Immigration, could report to the house on the peace negotiations she has been carrying on with the Six Nations Indians.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I think they were faithfully reported in the press. It is my hope that the matter has now been settled amicably. I cannot make any report with regard to prosecutions that are under way because, as the hon. member knows, they are being handled this morning in Brantford, but it is our expectation that these also will be handled in a manner that will meet with the approval of those concerned. The elected council will be meeting shortly and we will have a report from them, but my understanding of the situation is that all is now quiet on the Six Nations reserve.

Mr. Pickersgill: Mr. Speaker, I congratulate the hon. lady on her capacity to make peace, but I was a little disturbed and I think perhaps other hon. members were disturbed by a report that I heard about which I should like to ask the hon. lady, to the effect that she has directed the magistrate's court to give suspended sentences. I am sure the hon. lady would like an opportunity to deny that report.

Mrs. Fairclough: Mr. Speaker, at no time did I see or hear any such report, and I would never have the temerity at any time to interfere with the courts. I did agree to suggest to the Minister of Justice that he might care to handle the matter in whatever manner was appropriate within his own department.

Mr. Pickersgill: Perhaps I should ask the hon. lady if she would not like an opportunity to correct the reports that were broadcast on the C.B.C. this morning.

Mrs. Fairclough: Mr. Speaker, I have no desire to correct something that I have not seen nor heard.

FINANCE

REQUEST FOR REDUCTION IN INTEREST RATES ON TREASURY BILLS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the announcement yesterday that our government's treasury bills are bearing an all-time high interest rate, namely 4.22 per cent, can the minister explain the reason for the growing spread between interest rates on United States and Canadian treasury bills, and is the government contemplating any action to reduce our bank rediscount rate so as to aid economic recovery and provide employment?

Mr. Speaker: Order. This is a very large order the hon. member is proposing. I do not see how it could possibly be dealt with in a short reply and I suggest that it be reserved for a more appropriate occasion.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on the point of order you have raised, I would suggest that this question about central bank rediscount rates is an important question and one that should be raised in the house. In addition to that, over a period of many years the Minister of Finance himself very frequently raised this very important question. While it may be true that the phrasing should have been more direct, that is for Your Honour to decide, but with great deference I would submit that the subject matter of the question is very much in order.

Mr. Speaker: I am dealing only with the question which was proposed. It was a series of questions, bringing in unemployment as well as interest rates, and I do not see that I could really allow that question to proceed as phrased.

Mr. Regier: In that case, Mr. Speaker, may I reword what I am after. I would ask the minister if the government is contemplating

any moves that will halt our rapidly rising interest rates on government treasury bills.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think the hon. member on reflection will realize that this is not the sort of matter that is dealt with on the orders of the day. So far as measures are concerned that would be of interest to people operating in the money markets, I think he will appreciate that we do not give out that kind of information publicly. As to matters pertaining to government policy, those will be made known to the house on the proper occasion.

(Translation):

INQUIRY AS TO AUTHORITY REQUIRED FOR BILINGUAL DOCUMENTS

On the orders of the day:

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, may I ask the hon. Secretary of State a question?

Could the Secretary of State tell this house if cabinet approval was required for the printing of bilingual House of Commons letterheads for the use of hon. members?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, the answer is no.

Mr. Racine: In that case, Mr. Speaker, I should like to ask the minister a supplementary question.

Is the issue of negotiable government instruments subject to the approval of the cabinet and of parliament?

Mr. Courtemanche: The answer is yes.

Mr. Caron: Oh no, it is not.

[*Later:*]

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, may I ask the hon. Secretary of State a question arising from the answer he gave a moment ago. Could he tell us if special legislation was needed for the issue of bilingual stamps, under Mr. Veniot, and the issue of bilingual money under the Mackenzie King administration?

(Text):

Mr. Speaker: Order. It seems to me that the hon. member is asking questions about a matter on the order paper which is before the house for determination.

Mr. Chevrier: No, Mr. Speaker.

Mr. Speaker: Did he refer to bilingual stamps or bilingual cheques?

[Mr. Regier.]

Mr. Caron: Mr. Speaker, an answer was given to a question a while ago—

Mr. Speaker: I would ask the hon. member to address himself to the difficulty which I raised, namely that this matter is on the order paper for determination by the house.

Mr. Chevrier: On the point of order, Mr. Speaker, may I say this. The question which the hon. member asked is not one which is now on the order paper. He was directing his question to bilingual stamps and bilingual money, and it was in reply to a question answered already by the Secretary of State. I therefore submit with deference that his question is in order.

Mr. Speaker: Then I withdraw the objection I raised. I thought the translation was perhaps faulty in referring to bilingual stamps, because I understand we have bilingual stamps.

(Translation):

Mr. Caron: Mr. Speaker, that is precisely the point. In view of the earlier answer by the hon. Secretary of State, I wanted to know from him, because he has the relevant records on hand, if special legislation was needed for the issue of bilingual stamps under Mr. Veniot, and the issue of bilingual money under the Mackenzie King administration.

Some hon. Members: Under the Bennett government.

Mr. Caron: Under the Bennett administration there were two issues of coins, one in French and the other in English.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I shall check the facts and inform the hon. member later.

AGRICULTURE

MAPLE PRODUCTS—INQUIRY AS TO STABILIZATION MEASURES

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to ask the Minister of Agriculture a question.

Has the minister considered the possibility of stabilizing maple product prices?

(Text):

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I should like to thank the hon. member for giving me notice of this question, and in reply would say that in 1958 there were extensive discussions between the groups producing maple sugar and maple products and the stabilization board. As a result of those discussions it was agreed that the Agricultural Products Co-Operative Marketing Act provided the most appropriate

basis for dealing with marketing problems in the Quebec maple products industry, rather than putting those products under price supports under the Agricultural Stabilization Act.

CANADIAN NATIONAL RAILWAYS

REPORTED INTENTION OF FIREMEN TO STRIKE

On the orders of the day:

Mr. Gerard Loiselle (St. Ann): Mr. Speaker, may I ask the Minister of Transport whether he is aware of the press report this morning that the Canadian National Railways firemen intend to strike? If so, has he any comment to make on it?

Hon. George H. Hees (Minister of Transport): I saw the report, Mr. Speaker, and I have no comment to make on it.

TORONTO—REPORTED ESTABLISHMENT OF FREIGHT MARSHALLING YARD

On the orders of the day:

Mr. C. A. Cathers (York North): Mr. Speaker, I should like to direct a question to the Minister of Transport. The Toronto press of March 12 carried stories of Canadian National plans for the creation of a large freight marshalling yard and new railway lines required to give access to this yard. Is the minister in a position to make a statement with regard to these proposals, and can he advise the house respecting the improvement in commuter services which can be made when these facilities have been completed?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for advising me of his intention to ask this question. For some time now the Canadian National Railways has been studying its freight handling facilities serving metropolitan Toronto, and has included in its 1959 capital budget an item covering the acquisition of land required for the construction of a large marshalling yard in the township of Vaughan, together with necessary connecting trackage. Parliament in due course will be asked to pass enabling legislation.

With regard to commuter service, when the new yard and access lines have been built the present congestion in the approaches to the terminal area will be lessened, which should make physically possible additional commuter operations. The management of the railway has already initiated preliminary studies in anticipation of an approach on behalf of the Toronto area commuters, and is prepared to discuss with the authorities concerned the question of increasing its commuter operations in the greater Toronto area on the understanding that the railway will be able to recover from fares and otherwise the full costs of such services.

Mr. Frank McGee (York-Scarborough): May I ask a supplementary question. Did I understand the minister to say in his statement that if the municipalities concerned offered to subsidize this operation the railway would inaugurate additional commuter services?

Mr. Hees: That is correct.

CIVIL DEFENCE

REFERENCE TO REPORTED STATEMENT BY LIEUT. GEN. GRAHAM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Has the minister read the news report in the Regina *Leader-Post*, dated March 16, headed "No Defence Is Claimed". I raise this question because it is a most disturbing news report. It states in part:

> The report, prepared by Lieutenant General Howard Graham, is also said to claim that the Canadian civil defence organization, for practical purposes, is non-existent.

Would the minister inform the house if there is a basis in fact for this news report?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I have not actually seen the news report referred to, but I can assure the hon. member that there is no basis in fact for such a statement.

Hon. Paul Martin (Essex East): May I ask the Minister of National Health and Welfare a supplementary question, arising out of that posed by the hon. member for Kootenay West. Can the minister confirm whether or not it is true that part of the functions of civil defence, now under his authority, are to be transferred to the office of the privy council, and certain other portions of his responsibilities to the Minister of National Defence?

Mr. Monteith (Perth): Mr. Speaker, in answer to a question on Wednesday last I said that a statement would be made in the house either by the end of this week or, at the very latest, in the first part of next week.

WATER RESOURCES

FRASER RIVER BOARD—INQUIRY AS TO REAPPOINTMENT

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question to direct to the Minister of Northern Affairs and National Resources, and I regret that I was not able to give him notice of it. I wonder if the minister is able to indicate

whether the Fraser river board will be reappointed so that it may continue its existence and activities beyond the end of this month which, under present arrangements, is the date upon which the board must cease to function.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): This matter is under discussion and negotiation between the two governments, and when this process has been completed an announcement will be made.

Mr. Howard: I wonder if the minister has any hope that the negotiations or discussions will be completed before the end of this month. Could he give any indication of that?

Mr. Hamilton (Qu'Appelle): Yes, the minister is hoping that the negotiations can be completed by the end of this month.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—INQUIRY AS TO VISIT BY MINISTER WITHOUT PORTFOLIO

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I may ask the minister from Newfoundland whether he was invited by the mayor of Bell Island to visit Newfoundland to discuss the impending lay-offs in the iron mines, and if so what his intentions are in this regard.

Hon. W. J. Browne (Minister without Portfolio): Mr. Speaker, I did receive an invitation from the mayor of Bell Island, after he had thanked me for the services I had already given in connection with the matter. I might say that if the ferries are operating between Portugal Cove and Bell Island I intend to visit there during the Easter recess.

Mr. Pickersgill: As a supplementary question, may I ask the minister whether the lay-offs, which I believe were scheduled to take place tomorrow or the next day, are going to take place, or whether the minister has been successful in having them postponed?

Mr. Speaker: I am not sure under what heading of the minister's responsibility this comes.

Mr. Pickersgill: Perhaps I might clarify it. The minister said he had received thanks from the mayor of Bell Island for services he had rendered. I was seeking to find out what the services were.

Mr. Browne (St. John's West): If I may be permitted to reply, the mines are not going to close tomorrow.

[Mr. Howard.]

A. V. ROE COMPANY

INQUIRY AS TO GOVERNMENT ACTION TO RELIEVE UNEMPLOYMENT SITUATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wonder if the Prime Minister could bring the house up to date as to what progress has been made in obtaining additional contracts for the A. V. Roe industry, and more particularly what success he has encountered in doing those things which would provide more employment for the unemployed persons?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think this is one of those questions that are totally inappropriate on the orders of the day.

Mr. Argue: I would ask the Prime Minister if he does not think the widespread unemployment in the Avro industry is an important matter upon which to rise on orders of the day.

Mr. Diefenbaker: I would ask the hon. gentleman whether the impropriety of asking a question that is inappropriate on orders of the day justifies the kind of observation he has made.

Mr. Argue: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Argue: I would remind the Prime Minister that the Minister of Finance, in the Prime Minister's absence on February 27, made a comprehensive statement of actions the government was taking with regard to unemployment in this industry. I suggest it is most appropriate to ask whether or not any further developments have taken place since that time.

Mr. Diefenbaker: Mr. Speaker, that is a question that is proper, and I have no hesitation in saying there has been further and continued consultation in respect of this matter, and there has been a canvass made with the principals of the company for the purpose of ascertaining whether or not available contracts might be assured to that company, and that is the position of affairs. The company is engaged in endeavouring to secure contracts which would be available or should be available to that company if it is able to meet the competition that exists.

POST OFFICE DEPARTMENT

INQUIRY AS TO MEETING BETWEEN EMPLOYEES AND CIVIL SERVICE COMMISSION

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I ask a question of the Prime Minister. I think last week he promised me an answer

as far as the civil service commission was concerned and as to the jurisdiction of the Postmaster General in connection with the mail carriers. As the newspaper says today, there will be a large meeting again in connection with the civil service commission and the salaries of the postal employees. Possibly the Prime Minister could give us an answer as to who is going to see about the matter of those grievances, and who is going to try to settle them before it is too late.

Right Hon. J. G. Diefenbaker (Prime Minister): I thank my hon. friend for the very courteous way in which he has presented a question that I should have answered the other day. However, I will let him have an answer on Monday, and I think that will satisfy him.

SHIPPING

GREAT LAKES—GOVERNMENT ACTION TO PROTECT CANADIAN INTERESTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Trade and Commerce. It is a repetition of a question I asked on February 13. The fact that he took it as notice and has not answered it might indicate that it was not urgent. However, it dealt with shipping and trade and the question of United States subsidization of ships calling at Canadian ports in this coming season. The season is very close to us. Not only one line but another line is being considered in the United States for subsidization. I would ask the minister whether any consideration has been given to protecting Canadian shipping interests against this particular kind of subsidized competition.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I will look back at the question that was put forward on February 13. I think the matter properly lies with another department, but we will give this matter consideration.

NORTHWEST TERRITORIES ACT

AMENDMENT TO PROVIDE FOR APPOINTMENT OF JUDICIAL AND ADMINISTRATIVE OFFICERS, ETC.—CONCURRENCE IN SENATE AMENDMENTS

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved the second reading of and concurrence in amendments made by the Senate to Bill C-26, to amend the Northwest Territories Act.

Motion agreed to, amendments read the second time and concurred in.

SUPPLY

The house in committee of supply, Mr. Sevigny in the chair.

The Chairman: The house in committee of supply on further supplementary estimates: Department of Labour, vote 751, found at page 5 of further supplementary estimates, the details on page 19. Shall vote 751 carry?

Mr. Fleming (Eglinton): Mr. Chairman, may I suggest that we revert to vote No. 750, which was the one allowed to stand last night.

DEPARTMENT OF LABOUR

Special services—

750. To provide for expenses of the special services branch including expenses for the promotion of a program for combating seasonal unemployment, the organization and use of workers for farming and related industries and assistance to the provinces under agreements entered into with the provinces by the Minister of Labour with the approval of the governor in council, and the movement, reception, supervision and welfare of workers from outside Canada to work on farms and other essential employment where Canadian labour is not available to meet the need—further amount required, $100,000.

The Chairman: Shall vote 750 carry?

Mr. Pickersgill: Is the minister going to give the answers now?

Mr. Fleming (Eglinton): Mr. Chairman, I was asked questions last night concerning expenditures and commitments to date in connection with the publicity program undertaken with a view to assisting in meeting the problem of seasonal unemployment in the winter, in the light of recommendations made last summer by the national winter employment conference which was convened in Ottawa. The information as to expenditures and commitments to date is as follows. The amount actually expended to March 20 is $127,579.36. That amount was devoted to the following purposes.

Mr. Pickersgill: Can the minister just tell us what was the total of the vote?

Mr. Fleming (Eglinton): The total amount proposed for the item will be $297,500. I have indicated that of that sum the amount expended to March 20 is $127,579.36. The balance required to March 31 is estimated at $169,920.64. I shall now give the breakdown of the amount actually expended to March 20.

Mr. Pickersgill: I am trying to get these figures accurately. If the minister would not mind an interruption, I should like to get confirmations of my understanding. He said that $127,000 had been spent.

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: And that the vote was $297,500?

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: Can the minister tell us how much was spent out of the unforeseen vote?

Mr. Fleming (Eglinton): I propose to do that. I am dealing now with the amount actually expended: newspaper publicity, $29,350.40; radio, $33,860.02; television, $31,507.64; films, $250; posters, streamers, stuffers, postal dies, recording tapes, etc., $32,611.36, making a total of $127,579.36. The commitments to the end of this month—that is the end of the fiscal year—including those sums actually expended amount to $295,000 at this present time. That sum is divided as follows: newspaper publicity, $121,000; radio, $38,500; television, $33,500; films, $8,000, and posters, streamers, stuffers, postal dies, recording tapes, advertising production costs, $94,000, making a total of $295,000.

This total of $297,500 estimated to be required to March 31 is proposed to be provided as follows. The sum of $62,300 was transferred within this item from surpluses from other allotments within the scope of the vote at the last session. That has left actual requirements of $235,200. I pointed out last night that in the main estimates an aggregate of $140,200 had been provided, and we are now proposing to add $95,000 to this sum by the present item.

The remaining question was as to the advertising agency which had been engaged for this purpose. That agency is the McKim agency of Toronto, and the expenditures to March 20 are $95,140.06 for their work in relation to the program. The expenditures for the publicity undertaken and arranged by them and the commitments to March 31 through that agency will amount to $242,500. The balance of the proposed aggregate appropriation is being spent by the department itself on outlays through the queen's printer, unemployment insurance offices, and media of that nature.

Mr. Pickersgill: Could the minister tell me at what date the department first engaged the services of the McKim agency?

Mr. Fleming (Eglinton): I cannot give my hon. friend the date on which they were retained for this particular purpose, but I will find out and communicate with him.

Mr. Fisher: Mr. Chairman, may I ask what is the percentage on which McKim is working on this particular contract?

Mr. Fleming (Eglinton): I think my hon. friend is aware that advertising agencies do not make any charge or fee direct to the person who engages their services. In all these cases their services are recompensed by arrangements which they make with the medium with which they deal. There is a standard percentage, but that is no part of any agreement which the government has made with the agency.

Mr. Fisher: Mr. Chairman, I feel that this is a fundamental part of the cost. I understand that there are different rates not only for a single campaign but for different media within the campaign, and I am wondering whether any consideration has ever been given to checking or establishing a set rate for government work in that regard.

Mr. Fleming (Eglinton): The government does not pay any fee for this service. It is standard practice in the advertising business, I am informed, that the regular charges are made by the various publicity media, in this case to the government, and the advertising agency simply collects its fee by arrangement with those who are proprietors of the media themselves.

Mr. Benidickson: Just to clarify this point, Mr. Chairman, if the minister would inform me, I understood he said that the figure of $295,000 would cover not only commitments but expenditures made in the past, and commitments to March 31 of course, under the items of newspapers, radio, TV, films, posters, and so on. Is that correct?

Mr. Fleming (Eglinton): Yes. The figure of $295,000 represents commitments made to March 31, including expenditures already made. This will leave $2,500 out of the $297,500 aggregate to take care of any possible additional commitments that might be made between now and the end of the month. But at the present time it would appear that the $295,000 will cover all commitments up to March 31 which have been entered into at this time.

Mr. Benidickson: The detail in the main estimates at page 258 presented the original forecast for newspaper, radio, film and other publicity as $140,200. The $295,000 which we refer to will be made up of this $140,200 plus the portion for that item which comes in this item for $100,000. Is that correct?

Mr. Fleming (Eglinton): There is the sum of $95,000 in this item for that purpose.

Mr. Benidickson: Yes, $95,000 plus certain surplus funds which were not used for other functions within the item?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: That being so, I did not understand when the minister said that under this item $95,000 had already been paid for services which were handled by the McKim

agency. I took him to say that there would be additional commitments to be paid to this agency. Did I get him right that it was $242,000, or was it $142,000?

Mr. Fleming (Eglinton): No. The commitments through the McKim firm to March 31 of $242,500 of course include the expenditure already made through that firm to March 20 of $95,140.06.

Mr. Hellyer: I wonder if the minister could tell us if all the moneys being spent or committed for newspaper advertising is spent in regard to newspapers printed in either the English or French languages?

Mr. Fleming (Eglinton): I do not know that I quite follow my hon. friend's question. Is he asking me if it is all spent on newspapers which—

Mr. Hellyer: If I may put it another way, is any part of it being spent in other than English or French language newspapers?

Mr. Fleming (Eglinton): I will have to make inquiries about that. At the moment I do not think I can tell my hon. friend whether this type of advertising is confined to the larger dailies, which would mean English and French language newspapers, or whether any part of it has gone to the so-called ethnic press; but I will be glad to make inquiries about that and inform my hon. friend.

Mr. Fisher: Mr. Chairman, I would like to ask a rather hypothetical question and would like an opinion from the minister. I think it will be worth while to have some idea of the per capita cost of getting men back to work through such a campaign. If we accept the figure given I believe by the hon. member for Essex East, the winter work program has managed to employ approximately 30,000 people this winter. If the cost involved in putting 30,000 people to work is approximately $295,000, we have an approximate per capita cost of around $10 for each man put back to work under this winter work program.

Mr. Fleming (Eglinton): My hon. friend very properly said his question was a hypothetical one, and I think it illustrates the danger of attempting to ask or deal with hypothetical questions. We are not dealing here with the government's own winter work program. We are dealing here with a publicity program that was undertaken by the government at the request of the national conference last summer, which included groups of employees, groups of employers and others, with a view to bringing home to Canadians in all walks of life the fact that there is work which can be done in the winter months, thus providing employment. It was hoped that people would address themselves to the desirability, and very often the advantages, of having work done in the winter rather than in the seasons when in times past it has been more customary for people to have that type of work done.

Mr. Pearson: Mr. Chairman, what we are dealing with, of course, is the expenditure of money for the purpose of putting people to work in the winter. I would ask the minister if he feels that the expenditure in question, which I think now totals $158,000 or some such figure, has been justified by the results achieved.

Mr. Fleming (Eglinton): Naturally as chairman of the treasury board I have made it my business to inquire of the Department of Labour as to whether in their view the results have been commensurate with the expenditure. There can be no doubt that in their view the results have thoroughly justified this expenditure. I emphasize that this expanded publicity program was strongly recommended by the national conference which met last summer. That conference felt that a great deal could be accomplished if, by a publicity campaign, every effort were made to bring home to the average individual as well as to potential employers of all kinds the desirability of doing in the winter months all the work that could be done during those months, taking into account climatic factors, often with advantage as compared with other seasons of the year.

No one can isolate the results which flow from any particular effort of this kind. No one can say that because we spent $10,000 in publicity, certain jobs are created. It would take an army of mathematicians to gather information and then collate it before a result of that kind could be achieved. But it certainly is the view of the Department of Labour that this expenditure has fully justified itself and fully vindicated the recommendations of the national conference which was held last year.

Mr. Fisher: While we are dealing with this subject I might mention one aspect of the campaign which gave a great deal of pleasure to certain people who live on the west side of Toronto. At the approaches to Royal York road there was one of those brilliant billboards in fluorescent red and blue saying "Do it Now." And on an accompanying billboard there was portrayed a very lithesome creature dressed in a glamorous satin gown and leaning back in a reclining posture. The impact of these two posters together delighted a great many people in that district, and

gave one the impression that whoever was responsible for this particular piece of advertising was showing initiative.

Mr. Martin (Essex East): Last night, discussing this item, I had occasion to mention that earlier this session a complaint had been registered against the manner in which some of the unemployed in certain sections of this country, notably in a particular constituency in Manitoba, were given the opportunity to take advantage of the government's limited winter work program. The particular item now before the committee, while it is not concerned with the winter work program in a formal sense is, as the minister has indicated, connected with it as being supplementary to that work. Since this matter was raised we have had no satisfactory explanation of the stories which have circulated with regard to the manner in which these jobs have been handed out in some cases. I have here a copy of the Winnipeg *Free Press* of January 12, 1959. The heading is "I Hand Out the Jobs, says Minnedosa Tory" and the article says, in part:

> Walter Weir, a prominent Minnedosa Progressive Conservative, says Nicholas Mandziuk, Conservative M.P. for Marquette riding, has given him the authority to hand out winter work jobs in Riding Mountain national park.
>
> Mr. Weir, Minnedosa florist and undertaker and Conservative campaign manager in the Minnedosa riding for the last provincial election, heads a constituency-wide organization which has processed at least 80 of the 125 men now working on winter projects in the park.
>
> Only a handful of the workers have been referred to the park by the Brandon employment office. Work projects in the park this winter are valued at $400,000.

If that story is true it certainly deserves some comment from the Minister of Labour or from the Minister of Finance who is now speaking on behalf of all government departments in presenting these estimates. For instance, here we have a story in the Toronto *Star* of February 19—

Mr. Fleming (Eglinton): On a point of order, Mr. Chairman; the hon. gentleman is dealing with matters which, if they have any accuracy at all—and I am not making any comment on that at the moment—relate, I take it, to jobs provided by the government. This present item has nothing to do with jobs provided by the government. It is an item designed to provide sums for publicity to ask persons outside the government entirely to provide employment during the winter season. This has nothing to do with the government's employees at all, Mr. Chairman. The hon. gentleman will have his opportunity at the proper time to raise his question. He will have his opportunity when the estimates of the Department of Labour are before the committee of supply, but his point has no relevance at all to the present item.

Mr. Martin (Essex East): The minister may make his argument on procedure, as he did last night, and I am prepared to make mine. I take strong issue with this attempt on the part of the Minister of Finance to abridge the discussion of items which have relevance to this particular matter.

Mr. Fleming (Eglinton): The chairman will rule whether or not.

Mr. Martin (Essex East): The item before the committee is a request for moneys to assist in the promotion of schemes designed to give work to men and women in this country, and I am now dealing with an allegation that some of the jobs made available as a result of a number of efforts, inincluding this particular promotional scheme—

Mr. Fleming (Eglinton): Not this scheme.

Mr. Martin (Essex East): I say that abuse and discrimination which are not in the national interest have resulted. That is the gist of this complaint, and the hon. gentleman does not further the passage of this estimate by taking this narrow procedural position.

Mr. Fleming (Eglinton): Can we have a ruling on the point of order, Mr. Chairman?

The Chairman: We are not discussing or debating employment by the government itself, or the giving of government jobs. We are discussing, as mentioned in the item, the expenses of the special services branch, including expenses for the promotion of a program for combating seasonal unemployment. This has nothing to do with the normal employment practices of the government, and consequently I suggest to the hon. member for Essex East that he delay his remarks until the estimates of the Department of Labour come before the committee, at which time the raising of the matters to which he has referred would be in order.

Mr. Martin (Essex East): I have great confidence in your chairmanship of this committee, and I am not going to press the matter further. I take this position without in any way binding myself with regard to future action, for I find it difficult to accept this ruling.

In commenting upon your ruling I simply express regret at this time that the Minister of Finance takes the position that this is not a matter to which a reply should be given at once. Undoubtedly the reason is that the minister has not available the necessary information to make the kind of reply that should be made, information that would be

available to him if he would meet the demands of the opposition and have the responsible ministers in their places replying to questions instead of the Minister of Finance undertaking to reply on behalf of every department of the government of our country.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member for Trinity asked a few moments ago about the placing of newspaper advertisements in newspapers published in languages other than English and French. I am informed that the advertising has been published in English and French newspapers and magazines.

Mr. Pickersgill: Mr. Chairman, I am sure the minister will recall that some time ago, over the objections of this side of the chamber, a starred question was made an order for return. That starred question asked among other things what was the total number of contracts given to the McKim advertising agency. I wonder if in view of the very large amount of business given it by this department the minister could tell us how much this company is receiving from other departments?

Mr. Fleming (Eglinton): Mr. Chairman, I have not that information. If it is a starred question I presume it will be asked in due course.

Mr. Pickersgill: It has been asked and made an order for return.

Mr. Fleming (Eglinton): Then it will be brought down in due course in accordance with the order of the house. I do not have that information here.

Mr. Pickersgill: Does the minister not think this is precisely the kind of information which surely should not have taken more than an hour of the time of his staff to assemble, and that should have been given to the committee before we were asked to vote this large sum of money to be spent by the McKim advertising agency?

Item agreed to.

Vocational training co-ordination—

751. To provide for carrying out the purposes of the Vocational Training Co-ordination Act and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council to provide financial assistance to vocational schools, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—payments to the provinces—further amount required, $854,856.

Mr. Denis: Mr. Chairman, last evening in reply to a question I asked the Minister of Finance, as reported at page 2064 of *Hansard* the hon. gentleman stated:

The fact is that Quebec does receive its full share.

I raised this question when we were discussing item No. 751. I would like to know if the minister is now in a position to tell us the exact amount received by the province of Quebec with respect to this item?

Mr. Fleming (Eglinton): Mr. Chairman, I have further information to give my hon. friend and the committee on this subject. As the statement on page 2064 of *Hansard* indicates, Quebec does receive its full share. These agreements under the Vocational Training Co-Ordination Act are of course available to all provinces.

Following last night's discussion I checked up particularly in regard to Quebec's participation in the plan. I find that Quebec entered into a ten-year agreement originally in 1945 which provided for both capital and operational expenditures. Quebec participated fully in that agreement and in the two-year extension in 1955-56 and 1956-57 which followed. A new five-year agreement called the vocational and technical training agreement No. 2 was entered into, in the fiscal year 1957-58, with all the other provinces, but I am told that Quebec did not sign this agreement. Therefore there are no expenditures for Quebec contemplated under the item unless the Quebec government should decide to come in now and sign the agreement. Quebec did have a small expenditure in the fiscal year 1957-58 under the training of persons to fit them for the armed forces, but there will be no expenditure in 1958-59 for Quebec as far as can presently be determined.

Mr. Denis: What is the actual amount that was received by Quebec in 1957-58?

Mr. Fleming (Eglinton): In the fiscal year 1957-58 it was $2,849, Mr. Chairman, for the training of persons to fit them for the armed forces.

Mr. Denis: It was not youth training.

Mr. Fleming (Eglinton): No, the training of persons to fit them for the armed forces.

Mr. Deschatelets: Mr. Chairman, can the minister tell us how he reconciles the statement he made yesterday to the effect that Quebec does receive its full share? Are we to conclude from this that last evening the minister was speaking through his hat?

Mr. Fleming (Eglinton): No, Mr. Chairman, I was not wearing any hat last night. When I spoke last evening I was not aware of the fact that Quebec had not extended the agreement within the past year. As I have indicated, the payments to Quebec ran up to

a year ago, the end of the fiscal year 1957-58. Unless the Quebec government should suddenly come in between now and the end of the present fiscal year it is indicated that there will be no payments accruing to Quebec during the present fiscal year. I do emphasize, however, that the terms of this act and the agreements for which it provides are open to the province of Quebec as they are to all other provinces. I stressed last night that all the provinces are on an equal footing in this respect.

Mr. Denis: In other words, when the minister said Quebec was receiving its full share, he meant after all zero, or that it was receiving nothing. It received nothing this year or in the previous year. In 1957-58 I believe the province received not one cent. I base this statement on an answer given by the Minister of Labour to the hon. member for Papineau on March 3. On that occasion the hon. gentleman inquired about the amounts paid to Quebec each year since 1942 to date under the provisions of the Vocational Training Co-Ordination Act. In reply the Minister of Labour said that nothing was received in the fiscal year 1957-58 for youth training, vocational training school assistance, apprenticeship training or for unemployed workers. Of course we have no unemployed workers in the province of Quebec, and we do not need any money from Ottawa.

Mr. Fleming (Eglinton): That information is correct, Mr. Chairman, but may I point out that there are various headings under the schedule. This payment to the province of Quebec in the fiscal year 1957-58 came under a later item, the training of persons to fit them for the armed forces. The amount was $2,849.

Mr. Denis: But we are discussing item No. 751 referring to vocational training co-ordination.

Mr. Fleming (Eglinton): It comes under that.

Mr. Denis: The question addressed to the Minister of Labour was under the same item, and his answer was that nothing was received by Quebec. On the other hand the Minister of Finance says there was a payment of a few thousand dollars out of a possible $8 million total. I think these hon. gentlemen should compare their figures before it is too late.

This is the third set of supplementary estimates we have had. I believe the present government is using supplementary estimates rather too freely with respect to somewhat large sums of money. I was reading Beauchesne's fourth edition yesterday with respect to supplementary estimates, and this is what I find in citation No. 240:

> Supplementary estimates, when treated as customary and as a matter of course, instead of being restricted to occasion of unforeseen contingencies, do more to destroy effectual parliamentary control than any other indirect method that could be devised.

And later:

> The introduction of supplementary estimates of any considerable amount is really a breach of contract between the government and parliament, for when this is done the budget statement is destroyed, and in effect a supplementary budget is set up.

These are the words of a gentleman who is supposed to know something about these matters. The sum of $1 million out of a total of $8 million represents more than one-tenth of the whole amount. Those who are looking for suggestions from this side of the house say that we never give any suggestions. Next year the Minister of Finance should see that these supplementary estimates are reduced to the minimum so that the government, the house and the country will know exactly the amount of money that we are called upon to vote. That might change the picture altogether. If a few items in the supplementary estimates for every department were calculated in the millions of dollars, instead of having a deficit of $700 million we might go over $1 billion. This is one suggestion I humbly submit to the Minister of Finance.

Mr. Fleming (Eglinton): I humbly receive the suggestion of the hon. member in the same spirit.

Mr. Denis: Thank you. I would like a vote on this item.

Mr. Chevrier: Call the yeas and nays.

Mr. Fisher: Before it goes to a vote I wish to ask the minister whether he can tell us from his intimate knowledge of provincial-federal relations that the reason Quebec is not taking advantage of this particular vote is its stand on autonomy and its general attitude toward those questions.

Mr. Fleming (Eglinton): I have no specific communication as to the reasons the Quebec government has not seen fit to enter into the new five-year agreement.

The Chairman: Shall the item carry?

(Translation):

Mr. Denis: Mr. Chairman, I would like the yeas and nays to be recorded before this item is passed.

(Text):

I would like a vote called.

Mr. Chevrier: Question.

The Chairman: All those in favour of the item will please stand.

Item agreed to: Yeas, 91; nays, nil.

The Chairman: I declare the resolution carried.

Unemployment insurance commission—

752. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act—further amount required, $2,227,000.

Mr. Martin (Essex East): This is a matter on which the Minister of Finance ought to be able to say something in addition to the statement by the Minister of Labour. We are asked now to vote the salaries of the staff of the unemployment insurance commission, those who administer this act. I am sure the unemployment insurance fund is a matter that has been engaging the attention of the Minister of Finance, as it should engage the attention of this house. We know that when the present administration took office the fund was substantial. While we have not the latest figures, it would seem that as we approach the end of the fiscal year 1958-59 the fund may be very considerably reduced. While I suspect that in the amendments to which it has been giving consideration the government may use a method of bolstering the fund, the fact is that if we have unemployment next fall and winter on any comparable basis with the present winter and last fall we may find that there will not be sufficient money in the fund to provide assistance to those who qualify under the act for unemployment benefits.

This is a matter of the greatest importance. We know that from July 1, 1941, when the fund was started, to 1953, the balance in the fund at the end of the year was always higher than at the beginning, and it reached a total of $921 million at December 31, 1953. At the end of 1957 the fund was roughly $877,470,144.39. At the end of 1958 the fund stood at $625,363,366.21. Assuming that at the end of this fiscal year there will have been paid out roughly something between $350 million and $400 million, it is evident on these calculations that in the absence of a replenishment of the fund there would not be enough money next fall or next winter to take care of all unemployed people, assuming that unemployment was on the same comparative level as we have had now for the past two winters. It would therefore be a most anomalous position for the government, for this parliament and for the country to find themselves in, that having had a fund of almost $1 billion, the situation I have described could likely occur next fall and winter. We are certainly asking the Minister of Finance now to give us some indication as to whether or not that eventuality is possible. If it is, then the minister owes it to the house to indicate now, on this item, what are the government's intentions.

This is a matter of great consequence because the fund has been built up, as the Minister of Finance knows, largely as a result of the contributions made by employers and employees over the years. While the taxpayers generally in Canada have made a contribution, that contribution does not compare in any one year with the amounts contributed by the two basic contributors, namely the employee and the employer groups.

If the situation which I have pictured is valid, the government must accept responsibility for it. It will be recalled that last year the government brought forward further supplementary unemployment insurance benefits, and those benefits were paid out of the fund itself. I will admit that the government had a precedent at least for embarking on the principle of supplementary insurance benefits, because the preceding government had adopted the policy of providing benefits by way of supplementary payments in addition to the normal benefits. The difference between the practice followed by this administration and the preceding administration is that while we used moneys out of the fund for the purpose of paying these supplementary benefits, we replenished the fund every time there was any infringement made on the corpus of the fund. However, the supplementary benefits paid as a result of the policies recommended by hon. gentlemen opposite were paid out of the fund itself and there was no replenishment.

Now, it seems to us, as it seems to the employer and to the employee groups who have made representations to the government, that the moneys appropriated should come from the general taxpayers of the country, and the burden should not be imposed on employers and employees. If the fund is in the dangerous state to which I have referred, this will have been contributed to in part by the failure of the government to replenish the fund along the line I have indicated. If the situation is that the fund will be down so low as to warrant the possible conclusion at which I have arrived, assuming of course that there will be a high level of unemployment next winter and next fall, then the government should at the earliest opportunity indicate to the house what its intentions are.

The government advised the country in the speech from the throne that it proposed to bring in certain amendments to the Unemployment Insurance Act. We have been

pressing for those amendments ever since the beginning of the session. We had hoped even the other day to elicit from the Minister of Labour some assurance that the government's policy with regard to these amendments would be made known before we recessed, in order that we might have an opportunity to see if these amendments would in any way bring assistance to the thousands who are out of work in our country.

I ask the Minister of Finance now to tell us what is the present state of the fund. What steps are going to be taken by the government to maintain the integrity of the fund? I ask whether or not those steps are capable of providing for an emergency, which we all hope will not eventuate, in 1959-60; but if it eventuates those steps must be such as would provide these benefits for those who have qualified as a result of their contributions as a matter of right, and not simply as a matter of relief as a result of the charitable instincts of the people of Canada.

This is a matter of the greatest importance. We have been proud, since 1941, of the Unemployment Insurance Act and of its great social consequence. We have referred with pride to the strength of the fund which now, as a result of the unemployment in our country, has reached what could be, in the absence of certain corrective measures, a dangerous point. I ask the Minister of Finance to give us an assurance with regard to this matter at the earliest moment.

Mr. Herridge: Before the Minister of Finance replies, although I do not wish to take too much of the time of the committee I do want to say that we in this group are interested in this question in the same way as the hon. member for Essex East is interested. We would like to hear the answers to the questions he has raised, and we agree as to the importance of this matter.

Mr. Fleming (Eglinton): This item relates to the cost of administration of the Unemployment Insurance Act. It has no bearing whatever on the fund. The fund is created under the act by contributions, and appears in the estimates each year as a statutory item. This item that is now before the committee has nothing to do with the financing of the fund itself at all.

My hon. friend knows quite well that the information he is asking cannot be given to the house until the legislation is introduced. I have no intention whatever of standing here today and outlining the terms of any legislation that may be introduced. The house is aware of the statement made in the speech from the throne that amendments to the act will be forthcoming. Certainly it would be highly improper, not only inappropriate but improper, to answer the questions of the hon. member for Essex East in that regard, because this item relates purely and simply to the cost of administration of the act.

As hon. members will see on reference to the details of the estimates on page 19, it is almost entirely a matter of salaries. There are some three other items, but this additional amount required is made up very largely of the salaries of employees of the unemployment insurance commission.

Mr. Martin (Essex East): I am not going to press the minister to give us the details of legislation which has not been presented to the house. I did not ask for that. What I asked was whether or not the government was taking corrective steps, through these amendments, by way of further contributions to be made or further categories of employees to be included. I just wanted some indication in a general way.

I certainly do have a right and I think we have a right in this house, to ask the minister about the state of the fund. We are now asked to vote salaries and wages to the extent of $1,762,000 for these employees in the unemployment insurance commission. If it is not proper to ask under this supplementary item as to the state of the fund, then I certainly do not understand the elementary practices and procedures of this house. My hon. friend could retort, of course, that that is evident. Surely when we have to vote salaries for the staff of the unemployment insurance commission it is proper to ask the Minister of Finance how much money now reposes in the fund, so we can gain some idea as to the state in which the fund will be in the ensuing fiscal year, 1959-60. That is the question I asked of the Minister of Finance, and I would hope he will not be reluctant to give us that information at once.

Mr. Fleming (Eglinton): Mr. Chairman, the statistics on the fund are issued from time to time, and no one knows that better than the hon. gentleman. They appear in the *Labour Gazette* from month to month. I do not pretend to have here any figures later than the last published figures.

I emphasize, Mr. Chairman, that the vote we are discussing has nothing whatever to do with the amount standing to the credit of the fund. Everyone knows that the fund has been drawn upon to meet unemployment; that is the purpose of the fund. My hon. friend asked me for a statement as to what measures the government proposes to take to replenish the fund. I shall have to

ask my hon. friend to wait for the announcement of those measures in due course. We are here dealing, Mr. Chairman, with the amount required to provide for the administration of this fund to March 31. My friend is asking me for a statement on future policy as applied to the next succeeding fiscal year or years. I must confine myself to the matter that is before the house and, Mr. Chairman, there is not a cent in this item that has any bearing whatever on the size of the fund.

Mr. Martin (Essex East): Will the Minister of Finance tell me where I can get the figures on the fund with reference to expenditures made since January 15, 1959?

Mr. Fleming (Eglinton): Well, I presume from time to time such information will be available. My hon. friend has been at this long enough to know you cannot just have the figures issued immediately, and the unemployment insurance commission publishes these figures as they become available.

Mr. Martin (Essex East): My hon. friend said month by month.

Mr. Fleming (Eglinton): As they become available.

Mr. Martin (Essex East): He said every month.

Mr. Fleming (Eglinton): I referred to the *Labour Gazette,* but there are other publications as well. My hon. friend is aware of that.

Mr. Martin (Essex East): I simply want to leave this matter by saying it is important and serious. I regret that the Minister of Finance cannot satisfy us as to the present state of the fund. This is a matter that is engaging the interest of many people in this country at this time, and the reply made by the minister will certainly not be very heartening.

Mr. Fleming (Eglinton): I have a figure at the end of January, 15 days later than the period mentioned by my hon. friend. The sum standing to the credit of the fund, as I am informed, at January 31, 1959 was $586,990,000.

Mr. Martin (Essex East): So my fears are right.

Mr. Fleming (Eglinton): Your fears are never right.

Mr. Martin (Essex East): Oh, yes, they are.

Mr. Fleming (Eglinton): The Martin bureau of statistics again!

Mr. Robichaud: The minister has just stated that a large part of this appropriation will be used to pay salaries and wages under the unemployment insurance commission. In fact, on page 19 it is shown that $1,762,000 will be used for salaries and wages. Can the minister tell us whether part of this money will also be used to pay salaries or commissions of special agents who have been appointed recently by the unemployment insurance commission? In fact 46 agents were appointed, 23 of whom were recommended by the local office managers, 22 by the Minister of Labour and one by a local postmaster. Can the minister tell us what part of this item will be used to pay the salary or commission of these agents?

Mr. Fleming (Eglinton): I am not aware of the persons to whom my hon. friend refers. However, I point out to him that this item is for the payment of those persons in the civil service who are employees of the unemployment insurance commission. As to the persons referred to by my hon. friend, I have not heard of them. If he will give me more information about them I shall be glad to obtain that information and send it to him.

Mr. Robichaud: I think the minister will find—I have not the date here but I think it was February 27—that in a reply to a question which I addressed to the Minister of Labour the house was informed that 46 agents had been appointed under the unemployment insurance commission. The commission must require funds in order to pay these agents. We want to find out whether they are going to be paid from part of this appropriation which we are being asked to vote today. I think we have the right to know what is the estimate of the department or of the commission for the payment of such agents.

Mr. Fleming (Eglinton): I shall be glad to obtain that information for my hon. friend and convey it to him.

Mr. Pickersgill: Mr. Chairman, I do not wish to allow this vote to pass without making one or two observations about what I believe to have been a failure of the government and a failure of the Minister of Labour —and I am very sorry that he is not here when I am saying this—to honour a commitment which was made to one class of persons who are covered by the unemployment insurance commission. I am not going to take the time of the committee to read the letter which I wrote to the Prime Minister on October 21, 1958 about the fishermen in Newfoundland, covered by unemployment insurance, whose plight was serious because of a complete failure of the fishery in many parts of the east coast last summer; and which plight in my letter I suggested could have been dealt with through the agency of the

unemployment insurance commission. However, I want to draw the attention of the committee to the reply I received from the Prime Minister on October 28, in which he said:

I wish to acknowledge your letter of October 21st concerning the situation among the cod fishermen on the northeast coast of Newfoundland.

I assure you that the matter is being looked into thoroughly by my colleagues the Minister of Labour and the Minister of Fisheries, to whom I have forwarded copies of your letter.

As hon. members know, the Prime Minister was absent from the country from that time on until about Christmas. On December 1, when the fishermen who had enough stamps would have qualified for unemployment insurance, I wrote again to the Minister of Labour, from whom I have had nothing but a bare acknowledgement up to this time, to ask him what had happened to this commitment of the Prime Minister that this matter was going to be considered by his colleagues. This matter was, I might say, of real urgency to a class of persons who were promised by the Prime Minister about a year ago—and I have in my hand a complete report of a speech which the Prime Minister made at Charlottetown on this very subject—that no one would suffer. I wrote to the Minister of Labour on December 1 as follows:

On October 28, the Prime Minister acknowledged the letter I wrote to him on October 21, about the inability of the fishermen in Newfoundland to qualify for unemployment insurance because of the failure this year of the cod fishery. Mr. Diefenbaker assured me that the matter was being looked into thoroughly by his colleagues, the Minister of Labour and the Minister of Fisheries.

December 1, as you are aware, is the first day on which seasonal benefits can be paid under the unemployment insurance law and I am sure most of the fishermen who, through no fault of their own, cannot qualify for seasonal benefits will be greatly disappointed that no decision has yet been announced by the government about the suggestion for emergency "crop failure" benefits I made in my letter.

I am sure you realize, as I know the Minister of Fisheries who has been in Newfoundland does, that the need is urgent and that many fishermen have already been obliged to accept relief.

The method of meeting the problem suggested in my letter would be simple to administer and fair to the fishermen, but if the method is not acceptable to the government, I strongly urge that action be taken in some other way to meet this pressing need.

The government has seen fit to make $200 available to every grain farmer whether he needs it or not. There can be no question of the need of the fishermen and one way to meet their problem would be a straight payment across the board to them as is being made to the farmers.

Whatever the method, there is urgent need for action now to prevent actual suffering—

That is the suffering the Prime Minister promised us would not exist while he was Prime Minister; and he promised it right across this country only a year ago when he was seeking the support of the people.

—and I appeal to the government to act without delay.

I am sending copies of this letter to the Acting Prime Minister and to the Minister of Fisheries.

Of course both ministers were extremely polite in acknowledging my letter. I appreciate their courtesy and I thank them for it. But apparently that is all that happened, because on the second day of the session, as reported at page 16 of *Hansard* for January 16, 1959 I asked the Prime Minister this question:

I should like to ask the Prime Minister whether the government is going to take any action to relieve the distress caused by the failure of the cod fishery in Newfoundland, about which he will recall I wrote him last October, and which he advised me the Minister of Labour and the Minister of Fisheries were looking into urgently?

I stress the word "urgently", Mr. Speaker. This is a fair sample of what the present government understands by that word "urgently". The Prime Minister replied:

Mr. Speaker, the answer is still applicable.

Then I added:

I wonder if I might ask a supplementary question. Does the Prime Minister realize that half the fishermen on the northeast coast of Newfoundland have been forced on relief because of the failure of the government to act?

The Prime Minister, with his usual courtesy, gave no reply to that question. Then on January 20, as reported at page 77 of *Hansard*, I asked the Minister of Labour a question supplementary to questions that were asked by several other hon. members, including the Leader of the Opposition and the hon. member for Essex East, with regard to labour conditions and to which I think the answers were uniformly unsatisfactory. I asked this question:

May I ask a supplementary question. Is it not true that fishermen are not included this year—

That was in the figures the minister was giving.

—and is the minister's answer that no consideration is being given to a reduction in the number of stamps required also applicable to fishermen; because the minister will recall that he told me the opposite quite recently.

The minister told me in his letter that the matter was under consideration, and he then came into the house and in an offhand way said it was not being considered at all.

Mr. Starr: In the first part of his question the hon. member for Bonavista-Twillingate is again confused.

I was not confused, sir; I knew perfectly well what I was asking. I think it was the minister who was somewhat confused, because he was referring to the national

registration figures in which the fishermen were not included. I do not know yet what that means, and I do not think the minister knew, nor do I think he could explain today. Then the minister went on:

> Everyone seeking work is included in these dominion bureau of statistics figures, and the qualification period for unemployment insurance also applies to fishermen.
>
> Mr. Pickersgill: In other words the government has ceased—
>
> Mr. Speaker: I hope the hon. member for Bonavista-Twillingate is not going to enter into a debate on this matter.

Of course I did then, as I always do, Mr. Chairman, comply with the direction of the Chair. Then I continued:

> No, I simply want to clarify the minister's answer. The question I was going to ask the minister—
>
> Some hon. Members: Sit down.

No doubt the hon. member for Brome-Missisquoi was amongst those who said "Sit down", showing the respect that some hon. members have for the rights of free speech in this chamber.

> Mr. Speaker: Has the hon. member a supplementary question?
>
> Mr. Pickersgill: I have a supplementary question, and it is this. Did I understand the minister to say consideration is no longer being given to a reduction in the number of stamps required by fishermen for unemployment insurance?
>
> Mr. Starr: I said, sir, no consideration is being given to reducing the 15 stamps that are required for seasonal benefits at the moment, and that includes everyone.

On January 16 the Prime Minister said the matter was still being considered. On January 20 the Minister of Labour said no consideration was being given to it. I wanted to ask the Minister of Labour if he had been in his place in the chamber, as he ought to have been when asking for $2½ million more to administer the unemployment insurance commission, instead of leaving it to the Minister of Finance who seems to be equally uniformed about all the estimates he is bringing before us, to tell us precisely what happened between January 16, when the Prime Minister said the matter was still being considered, and January 20 when the Minister of Labour said no consideration was being given to the matter at all.

If the Minister of Finance cannot reply to that question perhaps the minister from Newfoundland, who is a member of the cabinet, though his interventions on behalf of Newfoundland in this chamber have not been very frequent since he was returned to this parliament, would care to tell us what happened between January 16 and 20. What consideration did the government give, as the Prime Minister promised, or was this just another of those promises? I think we are entitled to know what happened between January 16, when the Prime Minister said this matter was being considered, and January 20 when the Minister of Labour said that no consideration was being given to the matter.

Perhaps the minister would like to tell us right away what it was. Perhaps the minister would like to tell us why there was no consideration when over $40 million was voted for the grain growers, which we supported and which we in this party voted for, those who represent fishing ridings as well as everyone else; let there be no mistake that we voted for it, because we realized that there was a difficult situation in the prairie provinces. We voted for it even though we thought it was a bad way to do it, because we thought something needed to be done. But here in the fisheries was a situation where something needed to be done even more urgently, where the need was far greater; but all we get from the Minister of Labour is the statement that no consideration is being given. I repeat, no consideration is being given.

I think before we are asked to vote another $2½ million, because of the shocking estimating which has been done by someone, either by the Department of Labour or the minister, we ought to know what is being done in this connection. They reduced this item in the main estimates by nearly $1 million in order perhaps to show that what they were asking for was not as great as they knew they would need. Now they come and ask for $2½ million more, which is a fine example of careful and accurate estimating such as has been very characteristic of the Minister of Finance.

But I do not want to be diverted from my main point, which is this. I would like the Minister of Finance or the minister from Newfoundland to tell us what consideration was given to these proposals which the Prime Minister promised would be considered, and what reason the government had for rejecting them and saying that the fishermen, who had a failure of their crop which drove about half of them on to relief, were not deserving of any consideration. Presumably the government decided they were not suffering, and so the Prime Minister's promise of a year ago did not apply to them. I would like to tell the Prime Minister, the Minister of Finance and the minister from Newfoundland that the fishermen of that province are not going to forget this neglect.

The Deputy Chairman: Shall item 752 carry?

Mr. Pickersgill: Is not the minister going to answer?

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend knows perfectly well that we

are dealing here not with the terms under which persons qualify for the payment of unemployment insurance out of the fund: we are dealing with an item which pertains simply to the cost of administration, an intem for which the government bears the expense. This is very largely a matter of additional salaries required for the staff of the unemployment insurance commission. The hon. gentleman is raising a question pertaining to the persons who qualify for the payment of unemployment insurance out of the fund.

That is an entirely different matter. We have not that subject before us, and there will be proper opportunity during the course of this session to discuss the matter he is seeking to raise. The estimates of the Department of Labour for the next fiscal year will be before the house and there will be legislation to amend to Unemployment Insurance Act, as has been indicated already in the course of this discussion. My hon. friend will between those two pieces of business certainly have his opportunity to discuss this question. But, Mr. Chairman, the point has no bearing whatever on the matter of administration of the fund, which is a separate item and is handled under the law in a quite different way. The government bears the entire cost of administration, whereas payments out of the fund are dealt with in accordance with the terms of the legislation, and the fund is provided by contributions from three sources, of which the government is only one and, indeed, the smallest.

Mr. Martin (Essex East): Mr. Chairman, I rise to complain once again of the replies we are receiving from the Minister of Finance. He has said and continues to say that there will be an opportunity before the end of this session for hon. members to put questions of this sort to the ministry, when replies will be given. He does not seek to strengthen his position by arguing that under this item this question could not properly be put. He simply says there will be ample opportunity later on for replies to be given to these questions.

The real difficulty which confronts us arises out of the fact that the minister persists in making replies for all departments, himself. If he had acceded to our suggestion last night, a suggestion which he himself put forward so frequently and vigorously when he was sitting on this side, namely that this practice of the Minister of Finance should not be pursued, he would not be in the present difficulty.

The fact is that the answer to the question put by the hon. member for Bonavista-Twillingate is not within my hon. friend's knowledge. Therefore he is obliged to give the answer he has just given. My hon. friend ought to bring the Minister of Labour now into the house, if he is available, to make a reply. We are now shortly going to recess. Hon. members are going back to their constituencies. We will not be back here for a couple of weeks. This is a matter of great moment and consequence to the fishermen of Newfoundland, as the hon. member for Bonavista-Twillingate has pointed out. And what reply is given to us? We are told "Oh, put your questions some other time; we will give you an answer when we bring in amendments to the Unemployment Insurance Act."

Mr. Chairman, these amendments may not come in until the dying days of the session, yet this is a subject which was raised by an hon. member of this committee in a letter to the Prime Minister; and the Prime Minister, in replying to that question, said the matter was receiving consideration. This is the subject with regard to which the Minister of Finance now tells us "Put your questions at some other time."

The hon. member is putting the question now, and he is entitled to receive from the government an answer to the question. If the Minister of Finance cannot answer the question himself he ought to ask his colleagues, some of whom are in this chamber and anxious to make replies. When we come to deal with the estimates of the Minister of Northern Affairs and National Resources, I know the minister of northern affairs is going to ask the Minister of Finance to allow him to make replies, as the Minister of Agriculture did last night by implication and by glances, appealing to the Minister of Finance to allow him to reply to the questions asked. And I know that the Minister of Mines and Technical Surveys, the genial minister who looks at me now is not going to be happy if the reply on behalf of that department is given by my beloved and ubiquitous friend the Minister of Finance.

The trouble in which the hon. gentleman finds himself in dealing with all these estimates is an obvious one: he is seeking to reply on behalf of each minister, and in consequence we have been getting unsatisfactory and inadequate answers to our questions, of which there is no better example than the reply which the minister gave to the impassioned and able speech made by the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: I do not entirely subscribe to everything which was said by my hon. friend from Essex East.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I suggest that hon. members opposite should wait for just a second, because if the hon. member for Essex East was right when he said that the Minister of Finance did not have the information which would enable him to reply to my question, which asked what the government did about this matter, it means, since the Minister of Finance is a member of the government, that the government did nothing about it, and that the Prime Minister broke his word. I should like an assurance from the Minister of Finance that this question was brought before the cabinet and considered by the government as the Prime Minister promised on January 16. If the minister remains silent everyone is entitled to draw the conclusion that the Prime Minister's statement was not correct; that this consideration was not given at all, as promised on January 16, and that the Prime Minister's statement was not correct. I think the Minister of Finance should seek to clear the Prime Minister's name in connection with this matter.

Mr. Robichaud: The Minister of Finance does not seem to be aware that special agents have been employed under the unemployment insurance commission, and it is our understanding that part of this fund being voted today will cover the salaries of these agents—

Mr. Fleming (Eglinton): May I clear up that point; I have the information now. No part of this supplementary item is for the purpose indicated, namely the payment of salaries to these agents. Their remuneration is taken care of under provision made in the main item. The hon. member will find that at page 264 in the main estimates for 1958-59, in the item for professional and special services. There is no addition for this purpose in the supplementary item now before the committee.

Mr. McMillan: This seems quite a large amount and all of it, except about $500,000, is for extra wages. Does this additional sum represent extra salaries and wages paid to people already employed, or have we taken on a number of additional employees? Could the minister give us a breakdown of this figure?

Mr. Fleming (Eglinton): This requirement arises out of an increased work load. The item, as the hon. member will see by reference to page 19 of the details, is for $1,762,000 in respect of salaries and wages. The increased work load has accounted for much of this. Some of it has been accounted for by salary revisions, but the bulk is accounted for by the increased work load. A great deal of the increased staff requirement has been provided on a casual basis.

Mr. Hellyer: I wonder if the minister could tell us how much of this extra cost is due to the cancellation of the Avro Arrow program?

Mr. Fleming (Eglinton): None, sir.

Mr. Hellyer: I wonder if the minister could tell us how many additional persons have been taken on in the metropolitan Toronto area in the last 60 days?

Mr. Fleming (Eglinton): I cannot give that information now, but if the hon. member is interested I shall be glad to obtain it and convey it to him. Out of the existing staff the commission arranged for representatives to go into the Avro plant immediately after the general dismissals ordered by the company in order to provide on the site service.

Mr. Hellyer: Is the minister sure that they were all from existing staffs? The existing staffs were not able to keep up with all the work they had on hand before this shutdown, and surely the commission would have engaged additional staff in order to avoid falling further into arrears.

Mr. Fleming (Eglinton): I know that those who were sent in were experienced personnel, but I shall be glad to obtain the information which the hon. member requires.

Mr. Robichaud: This amount of $425,000 for office stationery and supplies and equipment is a large sum. Can the minister give us some details?

Mr. Fleming (Eglinton): Yes, Mr. Chairman. Part of this arises from the purchase of office equipment of a mechanical nature. I may say that the cost of mechanization is $135,000, which means that part of this increase—the balance of $262,000—is due to the building up of depleted stocks and because of the claims load which has of necessity meant the requisition of supplies.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Deputy Chairman: Shall item No. 752 carry?

Some hon. Members: Carried.

Item agreed to.

LEGISLATION

House of Commons—

756. Special grant to the Canadian North Atlantic Treaty Organization Parliamentary Association for Canada's share of the cost of the Atlantic congress to be held in 1959 and the expenses of Canadian parliamentary delegates attending the congress, $20,000.

Mr. Chevrier: Will the minister explain what this grant is for?

Mr. Fleming (Eglinton): Mr. Chairman, there is to be held in London in June a special meeting to mark the 10th anniversary of the inception of the North Atlantic Treaty Organization and by arrangement made at the last meeting of the representatives of the various NATO parliamentary associations in Paris several months ago a decision was taken to hold this special gathering under NATO parliamentary association auspices in London this spring. Each country is selecting delegates. Indeed there is to be quite extended participation by the other members of the alliance. In our case the item proposes to appropriate $20,000 to pay Canada's share of the contribution toward the expenses of the conference and also to provide for the expenses of a delegation composed of members of this house and members of the other place to represent Canada at the conference.

Mr. Chevrier: How many delegates will be going from Canada? While I am on my feet I wish to ask another question. Does the government make provision for representation of the other parties on such a delegation? In this case what is the representation and how is it divided in that respect?

Mr. Fleming (Eglinton): The representation will be worked out on an interparty basis as representation is always worked out at the conferences under NATO parliamentary association auspices and for commonwealth parliamentary conferences. It is expected that there will also be a number of interested or representative citizens from the other countries attending, and indeed it is hoped by those who are organizing the conference that a number of representative Canadians will also attend this conference but not at government expense. The representation will be worked out in the usual manner among the parties. This item will not provide anything toward the expenses of delegates other than members of parliament and the other place.

Mr. Hellyer: Will the minister be attending?

Mr. Fleming (Eglinton): I do not expect to, Mr. Chairman.

[The Deputy Chairman.]

Mr. Hellyer: I thought the minister might want to get away somewhere after bringing down his budget.

Mr. Fleming (Eglinton): Oh, no, Mr. Chairman, I expect to stay here and enjoy the company of my hon. friend.

Mr. Benidickson: The minister took a big trip last year.

Item agreed to.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Surveys and mapping branch—

757. Topographical surveys — construction or acquisition of equipment—further amount required, $20,500.

Mr. Chevrier: Mr. Chairman, will the minister explain what the equipment is for this service and the topographical surveys mentioned in this vote?

Mr. Fleming (Eglinton): This is for field survey equipment instruments which were destroyed in a fire. This is a replacement.

Item agreed to.

758. Canadian hydrographic service—administration, operation and maintenance—further amount required, $477,492.

Mr. Dumas: Mr. Chairman, I wonder if the minister could offer some explanation of this vote?

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend will see by reference to page 20 of the details that this item of $477,492 is for two purposes. The sum of $221,292 is for salaries and wages, and the sum of $256,200 is for repairs and upkeep of ships and boats which are in use in the hydrographic service. My hon. friend is perhaps particularly interested in the second portion of the item. This sum of $256,200 is to provide for the conversion of the ship the *William J. Stewart* and the completion of the annual overhaul and fitting during the 1958 winter season of the four hydrographic vessels based on the east coast.

Mr. Dumas: I understand that this work is usually carried on in the spring in the month of April. Does this represent a change of policy on the part of the government?

Mr. Fleming (Eglinton): The work was advanced to provide employment during the winter.

Mr. Chevrier: Does this vote of $477,000 exclusively refer to the ship and the crew on the hydrographic ship? Is it for the operation of the ship, the maintenance of the crew and so forth?

Mr. Fleming (Eglinton): No, Mr. Chairman. I have drawn attention to the fact that this item is broken into two parts. The first, a sum of $221,292, is for salaries and wages applicable to the hydrographic service in general. The second part, $256,200 is for the conversion of the ship, the *William J. Stewart* and the completion of the annual overhaul and fitting of the four hydrographic vessels.

Mr. Chevrier: Does the first part of the vote apply to the crews on the ships?

Mr. Fleming (Eglinton): I am informed that it does not. The increase in the sum required for wages and salaries is due to the fact that there has been a slowdown in turnover and there have not been vacancies arising in the service.

Mr. Chevrier: I take it that the $256,200 applies exclusively to the hydrographic ships and to the maintenance and operation of the crews. If that is the case it seems to be a small amount for that purpose because the *William J. Stewart* is a big ship.

Mr. Fleming (Eglinton): This is a further amount required, as my hon. friend will appreciate.

Item agreed to.

General—

760. Purchases of air photography and the expenses of the interdepartmental committee on air surveys, including purchases of equipment—further amount required, $2,300,000.

Mr. Dumas: Mr. Chairman, would the minister explain this vote. In the main estimates under a similar heading we voted an amount of $1,900,000 and now we have this supplementary estimate for $2,300,000 which is a large sum.

Mr. Fleming (Eglinton): Yes, Mr. Chairman. This work of air photography was carried on under favourable conditions and very excellent progress was made. It was found to be desirable and economical that it should proceed at an accelerated pace. It is going to cost us less money in the end to do it that way. By March 31 the companies under contract with the Department of Mines and Technical Surveys will have completed work totalling $2,300,000 for which no funds are available in the existing vote.

Mr. Dumas: Over and above what was voted?

Mr. Fleming (Eglinton): Yes.

Mr. Dumas: The minister said it would cost less money in the end. I understand this work is done under contract. How can it cost less money? I believe the price is based on a square mile basis so surely the price would be the same.

Mr. Fleming (Eglinton): Yes. There is an economy in more constant flying. That is the reason it was found to be more economical to expedite and accelerate the aerial photographic program.

Mr. Dumas: Economy to the companies who are on contract?

Mr. Fleming (Eglinton): And the government.

Mr. Dumas: Can the minister tell the committee to which companies this amount will be paid? I understand three companies are concerned.

Mr. Fleming (Eglinton): Spartan Air Services, Photographic Air Surveys and Aero Surveys. These are the main contractors.

Mr. Dumas: I think there are three, Spartan Airways, Aero Surveys and Photographic Service. Can the minister tell the committee how much will be paid to each of those companies?

Mr. Fleming (Eglinton): I shall be glad to obtain that information for my hon. friend.

Mr. Chevrier: How are these contracts awarded? Is it done by public tender or by allocation?

Mr. Fleming (Eglinton): I will obtain that information.

Mr. Benidickson: Mr. Chairman, I think this is rather an astonishing illustration of the abuse of supplementary estimates. The minister seemed sympathetic to some of the remarks that were made this morning by the hon. member for St. Denis, and if he was sincere in his appearance of approval of the legal authorities cited by the hon. member I would think that he would want to avoid a repetition of this type of thing in the future. I draw the minister's attention to the fact that the original item, which actually was presented to the house very late owing to the fact that we had an election, was not as large as this item. Usually the main estimates and the intentions of the government with respect to spending are decided upon in December and in a normal year are probably submitted to the House of Commons in January. Last year the main estimates were presented to the house on May 13. Now, shortly after the fiscal year had been entered upon this administration, if it had had respect for the House of Commons and its rights with respect to spending authority, would have known something about this accelerated program. I draw to the attention of the committee the fact that the original estimate, based upon

the best information that apparently the administration could sincerely and properly present to the house on May 13, was an item of $1,900,000. If we had had only one additional presentation to this house in the meantime of administrative proposals for expenditure, perhaps there might be some excuse for the ministry coming forward within two weeks of the termination of the fiscal year with an additional supplementary proposal for an expenditure that is almost 20 per cent larger than the original proposal. That surely is contempt of parliament and of its traditional rights with respect to expenditure.

If these things had been foreseen when the first supplementary estimates were presented on June 2 last session, surely the minister would have seen that this vote probably was likely to be inadequate. He presented additional supplementary estimates to the house on August 30, 1958. No indication of this particular item was given to the house at that time. On January 30 of this year we had supplementary estimates No. 2. Nothing was said about this item. Within two weeks of the expiry of the fiscal year, parliament is asked to approve an item that is almost 20 per cent larger than the cost of the program as originally estimated. How can that amount be possibly expended in the next two weeks? In other words, we must be bound to assume that this government, with its supercolossal majority, is simply operating on the basis of giving commitments to those companies and others and saying, "You just carry on and finance through the banks, and so on; we are sure and confident that within the dying days of the current fiscal year we can with our majority, and regardless of conditions, make sure that this money is voted".

The Minister of Finance must explain whether or not he knew on January 30, when supplementary estimates No. 2 were presented, that this item, by commitment or otherwise, was being very considerably exceeded, based on the original estimate tabled in the house on May 13 of last year.

Mr. Fleming (Eglinton): The hon. gentleman is wide of the mark, far wide of the mark, as he has been so often.

Mr. Chevrier: Don't lose your temper, just stick to the facts.

Mr. Fleming (Eglinton): This is a statement of fact. I have already explained how this item came to be increased. The program which had been embarked upon was a program to extend over a period of years. We found, owing to extraordinarily favourable weather conditions prevailing in the Arctic last year, that the program could, to advantage and economy, be accelerated last year.

Now, as to the knowledge of this, of course there are lots of matters in those final supplementaries that were within knowledge in January but are inappropriate items to be brought down then because these are matters that have to be adjusted as of March 31, and have to be complete. Therefore, this particular one, like a good many others that are presented now, is an item of which we knew well that the amount provided in the main estimates was going to be exceeded, but we have to come this much closer to the end of the fiscal year to be able to estimate it with precision, and that is the reason we have this situation before us today.

I referred to the extraordinarily favourable conditions which developed last year. This is illustrated in accrual to the public advantage and economies because those contracts with the three companies concerned were contracts which, while there are certain basic guarantees, nevertheless did offer the government the opportunity of effecting economies by accelerating the program under the extraordinarily favourable conditions prevailing. That is the explanation, and the full explanation, Mr. Chairman.

Mr. Benidickson: Mr. Chairman, that is by no means a full explanation because the pertinent question I put to the minister was: when he last presented supplementary estimates to the house on January 30, did he not know the extent of this increase in possible expenditure on this item as compared with a year ago? I might forgive him for not referring to it on August 30; but surely he is disregarding the rights of this house in the matter of the appropriation of money if on January 30, when he came with supplementary estimates, he omitted any reference to this item. That is the essential question that the minister must answer.

We in the House of Commons feel that on a general basis—and the minister held these views when he was on this side and I do not think anybody on the other side will disagree with this—one of our primary functions is the right to pass upon expenditures and generally, unless something is unforeseen, we have the right to discuss and debate a projected program prior to the incurring of a liability by the crown. The very opposite has occurred in this instance. There is not anybody in the house, I think, who would want the crown commitment to be repudiated. In consequence of that, we are presented with items for expenditures after the commitment has been made, and particularly when that could have been prevented by a reasonable regard

for the rights of the House of Commons on the part of the administration, we feel offended.

Now, I say to the minister, if he knew last year that these flying conditions were such that the crown could embark on a program of this kind, as he says economically and advantageously, why should he present supplementary estimates on January 30 with no reference made to this program? In other words, the rights of the opposition to criticize or to suggest reasons as to whether or not that program should be amended or perhaps not embarked upon are completely lost because there is no one in any part of the house who, after a commitment has been made by the government, would want the government to repudiate its commitment. However, we are put in that position because these commitments have been made and there is not anybody who thinks for a moment that $2,300,000 is going to be spent in the next two months of this fiscal year on this matter.

Mr. Fleming (Eglinton): Mr. Chairman, I think I can claim to be as concerned as any member in this house about preserving the rights of all members of the House of Commons in relation to their responsibility to maintain control over public expenditures. We come to the study of supplementary estimates, Mr. Chairman, in a situation of this kind where what is asked of the house is the approval of a further amount required on the basis of a program having already been approved in principle. When the house has approved an item in the main estimates, it is approval in principle.

Now, this program of aerial photography was approved in principle in this house. The main estimate appears in the details of the volume of estimates approved by the house. This particular program having been approved in principle proceeded last summer, and as I indicated it proceeded under extraordinarily favourable conditions, conditions much more favourable than those that we or the companies could have foreseen. Then, this program went far beyond the end of the session of parliament which ended on September 7. Now, so far as January last is concerned, it would not have made any difference so far as the actual incurring of the expenditure is concerned because the work was done during the favourable flying season. It was a matter of amending and working out agreements with the companies concerned for the payments to be made. The house, therefore, is in just as good a position now as it would have been in January. There is absolutely nothing in the point the hon. member is making with regard to January.

The items brought down in January were items which were ascertained at that time. This is like a good many of the other items, and there are many in these supplementary estimates, that were not fully ascertained at that time.

Mr. Benidickson: This is a very strange form of argument on the part of the Minister of Finance. Really I am satisfied, knowing him as I do, that on reflection for another year he will not agree with what he has said at this moment. I do not think he will agree it is the proper practice to not advise the House of Commons at the earliest possible stage of his knowledge that it is desirable to overexpend on an item that, in principle or otherwise, has been approved by the House of Commons. There are many of us in this House of Commons who would, in our individual capacity, decide it would be desirable and proper for us to make an expenditure of, shall we say, $1 million for a certain purpose. However, if we were told that our expenditures, individually or otherwise, were to be 120 per cent beyond what we had approved at a certain stage, I think that we probably would be giving the matter second thoughts. I say that in connection with a matter of this kind these second thoughts are denied the house because the commitment has been made and practically completed, although payments probably have not been made.

Mr. Fleming (Eglinton): My hon. friend is not at all right in talking about commitments. I think that is where he is leading himself astray. These companies have proceeded with this work. They are offering to sell the results of their aerial photography to the government, and we consider that it is very good business to purchase them. So far as commitment is concerned, the commitment rests upon a decision of this house and if the house does not approve, then these companies will just have to wait until next year for us to buy the results of their work.

My friend is quite wrong in talking about a commitment when he is talking about the matter of the purchase of the results of this aerial photography work. If the house does not want to buy it, all right, but there are advantages to the department in having the results of this photographic work earlier than would otherwise be the case. There are economies in proceeding on this basis. My friend is quite wrong in talking about a commitment. We are asking the committee to authorize us to purchase the results of this photographic work today.

Mr. Benidickson: This is another example of how the Minister of Finance seems to underestimate the wit and understanding of

a great number of other members of this house. I happen to know, because flying is an important industry in the constituency I represent, that none of the flying companies of the financial standing of these that were named would go ahead with a project of this kind. They have not got the resources to do it; they have not got the bank backing to do it, and it is just another example of the fatuous remarks that are so often made by the Minister of Finance.

It is difficult for the committee to believe that one of his colleagues has not encouraged these companies to go ahead and that the government would purchase these services. There is not anybody in this house, including I think most of the backbenchers on the government side, who would think for a moment that these companies would go ahead. It is not their business to go ahead and supply information of this kind without having a customer in sight. There is only one customer in sight in this country in connection with matters of this kind and that is the government of Canada.

Mr. Fleming (Eglinton): Mr. Chairman, my friend is not getting away with remarks like that. He started out talking about commitments and said commitments should not be made without approval of the committee. I said there is no commitment. The committee has this opportunity to pass on the matter now. It is true that these companies are not in a strong financial position, but the companies thought it was good business to take advantage of these conditions.

Mr. Chevrier: Does the minister mean by the last statement he has just made that there was no assurance given by any department of government to these three companies, or any one of these three companies, that they are to do certain aerial surveys on behalf of the government of Canada, because if his answer is no, I will be tremendously surprised.

Mr. Fleming (Eglinton): The answer is no.

Mr. Habel: You are the only one in the house; where are the other ministers?

Mr. Hellyer: I wonder if the minister would show the house all the contracts or letters or memoranda that exist between the government departments and any one of these three companies? Surely, none of these three companies would undertake the aerial photography of any part of our northern country without some written assurance by some department of government that they would be compensated for that work.

Mr. Fleming (Eglinton): I am informed that there was no commitment given to these companies. They were up there, conditions were favourable and they knew they had an opportunity to go ahead with what was expected originally to be a six-year program. They took advantage of favourable conditions to proceed with this work, to accelerate it and make savings for all concerned thereby.

I am quite sure their hope in proceeding that way was that payment would be accelerated. That is why, having accelerated the program, they come forward and offer the government the advantage of the work they have done and we recommend to the house that advantage be taken of it.

Mr. Hellyer: Mr. Chairman, I do not think the minister has recently been in private business. If he had been, he would want more than a hope of being paid before he started on an expenditure of that type.

Mr. Chevrier: I should like to ask the Minister of Northern Affairs and National Resources a question since this item is one that concerns his department. I should like to know from him whether or not any of these companies—and they have been mentioned here as photographic air surveys—have been given any undertaking by officers of his department or by himself that they would get aerial contracts or that they could assume that they would receive contracts for topographical aerial surveys of Canada?

An hon. Member: Ask permission to answer first.

Mr. Chevrier: Could I get an answer from the minister?

Mr. Hamilton (Qu'Appelle): In the first place, Mr. Chairman, this is not in my department but in that of mines and technical surveys. In the second place, the answer is no.

Mr. Benidickson: We know that we had the minister with us a short time ago before our luncheon recess. I am surprised that he is not here to assist the Minister of Finance at the moment. In addition—and the Minister of Northern Affairs and National Resources can deny it if I am wrong—it is my recollection that on all matters of this kind there is an interdepartmental committee so that when the government makes a purchase of this kind it will be an enterprise that will redound to the utmost benefit of as many as possible departments of the government. My understanding is that the Minister of Northern Affairs and National Resources is represented on this interdepartmental committee. I am sure that the officials of that department would report to the Minister of Northern Affairs and National Resources. Perhaps the Minister of Northern Affairs and National Resources is the acting minister of

mines and technical surveys and therefore has a fairly good knowledge of this particular item.

Mr. Chevrier: May I inquire from the minister who are the members of the interdepartmental committee dealing with this matter?

Mr. Fleming (Eglinton): These are the departments that are represented on the committee: mines and technical surveys, northern affairs and national resources and national defence.

Mr. Denis: This situation reminds me of the one which arose before noon when the same question arose. I note that the citation in Beauchesne's parliamentary rules and forms is against the decision of the present government. May I be permitted to read part of this article which I did not use before noon. It applies perfectly to this case. I am quoting from paragraph 240 which reads as follows:

> Supplementary estimates . . . may be presented either:
> (I) for a further grant to a service already sanctioned and voted for,—
>
> Which is not the case here.
>
> —or (II) for a grant for a further occasion of expenditure arising where the estimates were presented:—
>
> Which is not the case here.
>
> —(a) for expenditure newly imposed on the executive by statute;—
>
> Which is not the case here.
>
> —(b) to such an unexpected emergency.

As far as the control of parliament is concerned, about which hon. members opposite were so fussy when they were in opposition, when they talked so much against the former government about freedom of speech and the sovereignty of parliament, it is my opinion that they do not practice what they preached while they were in opposition. In this particular case they doubled the amount of the original estimates. Does the Minister of Finance not think that he is going a little bit too far as far as this item is concerned?

Mr. Fleming (Eglinton): The Minister of Finance thinks it is good business to take advantage of this opportunity to make some economies.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): In this case he is fortified in that view by the fact that this contract contemplating a six-year program of air photography was fully disclosed to the committee which reviewed the estimates of the Department of Mines and Technical Surveys at the last session. This information was brought to the attention of all hon. members.

To listen to some hon. gentlemen opposite one would think that this kind of situation is something brand new in experience. The fact is that this is not the first year we have had a program of aerial photography; that is far from being the case. There have been occasions—and not just one of them—where under the previous government favourable photographic conditions developed and a program of aerial photography and survey was accelerated in the same way as it was accelerated this past year. A great deal of smoke has been raised about this matter by hon. members opposite. There is nothing strange or unusual about it. These companies under that contract go up into the north and when the favourable conditions prevail they go ahead and do more than one-sixth of the total work; and they are quite prepared—indeed they are anxious—to sell to the government, in accordance with the terms of the contract, the benefits of that accelerated work. That is what is involved here. It is not a case of a commitment. It is not a case where the government has gone out and spent money or committed money without the approval of parliament at all. That is not the situation. This is a case where, with the fruits of an accelerated program available, the government is recommending to the house that the fruits of that program be purchased now; and, as I have indicated, this will be advantageous to all concerned and we think it good business to do it in this way.

Mr. Chevrier: The minister says it is not the case of a commitment. He said that in his closing remarks. But in his opening remarks he said it was a question of taking advantage of the opportunity to make economies. If the minister and the government are taking advantage of the opportunity of making economies, then there must be some understanding between these companies and the government. The question I should like to ask the Minister of Northern Affairs and National Resources, who is a member of this interdepartmental committee, is this; and may I say that I wish he would pay attention to the question I am going to ask him. As he answered "no" to the question I put to him a moment ago, I now put this question to him. By that answer does he mean that no documents of any kind have been exchanged between these companies and the government or between these companies and any member of the interdepartmental committee, for future commitments or engagement of these services?

Some hon. Members: Carried.

The Chairman: Shall vote 760 carry?

Mr. Chevrier: No, Mr. Chairman, I want an answer to my question.

Some hon. Members: Carried.

Mr. Chevrier: I think I am entitled—

Mr. Fleming (Eglinton): Was the hon. member going to ask something?

Mr. Chevrier: No. I was going to insist on an answer.

Mr. Fleming (Eglinton): There are no commitments. I have made inquiry and I am informed that there is no commitment but that one of these companies has gone so far with this program that it will be in financial difficulties if we do not take advantage of this opportunity.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): But that is not the only reason. This is very good business for the government. We wish to see this work carried on and we wish to take advantage of the opportunity which has been presented to us.

I was asked earlier how the contracts with these companies were entered into. The main contract with these companies was arrived at by tender, but certain changes were negotiated in relation to photography in the Arctic archipelago. The contract to date involves certain payments. This present item will permit payments to the Spartan company of $1,325,000, and the photographic surveys company, $735,000. The balance of the item now submitted is for photography still to be examined and approved. The third company, Aero Surveys, has some work done but they did not participate to the extent that the other two companies did in the accelerated program.

Mr. Chevrier: Mr. Chairman, it follows from the answer which the minister has given that work has been ordered and commitments have been made to the extent of $1,325,000 for Spartan and $735,000 for Aero Surveys. If that is the case, then it looks to me as if there has been a commitment without an appropriation by parliament, and I therefore come back to my earlier question. I asked the Minister of Northern Affairs and National Resources a question, and I did not direct it to the Minister of Finance because the Minister of Finance is not a member of the interdepartmental committee. The Minister of Finance told me a moment ago that the three members of the interdepartmental committee on this committee were the Minister of Mines and Technical Surveys, the Minister of Northern Affairs and National Resources and the Minister of National Defence.

Mr. Fleming (Eglinton): No, I did not say "ministers". I said that they were the three departments which were represented on the committee.

Mr. Chevrier: That is quite right; I stand corrected to that extent, that the departments of mines, northern affairs and defence were members of this committee. Surely the minister who is sitting in his seat and who represents the Department of Northern Affairs and National Resources, and who is a member of that committee, is in a position to answer the question which I asked a moment ago? The question I asked was this: When the minister made his answer to me that there was no commitment, does he mean there was no document of any kind exchanged between any of these three companies and the government?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, if this will make the hon. member for Laurier any happier, there is an interdepartmental committee and we discuss policy matters of this sort; but I know nothing of any exchange of documents. I imagine they would be handled by the Minister of Mines and Technical Surveys if there were.

Mr. Dumas: Mr. Chairman, the Minister of Finance has insisted on trying to tell the committee that the government will make some saving by having this done much earlier than it was supposed to be done. I understand this is done under contract and the companies will be paid the same amount as if they had taken six years to do the job, so there are no savings by the government. I noticed in the minutes of the standing committee on mines, forests and waters that there was a question put on page 195 of the report of the meeting of Monday, March 16 last, by one member in regard to this item as follows:

—you mean that 50 per cent of the contract is completed?

We were told that 50 per cent of the contract was completed, so Mr. Pack of the Department of Mines and Technical Surveys said:

Speaking generally, but not for each company. Generally speaking, 50 per cent is completed. It was considered as to whether or not we should hold the companies to the six-year plan or whether in view of the success which they had had we should take a more realistic approach.

As a result, we have now amended the contracts officially. It is our hope that the government will see fit to provide us with a rather large supplementary estimate by the end of this month

which will completely reimburse the three companies concerned or the value of all of the photography they have done up until last October.

But this will not be any saving to the government. Of course, we are happy that this job will be completed much sooner than it was supposed to be completed, but early last fall the Department of Mines and Technical Surveys knew that 50 per cent of the job was completed, and as the hon. member for Kenora-Rainy River said, this amount could have been provided in the supplementary estimates of January last.

Mr. Caron: Furthermore, it was said a while ago that the committee speaks of contracts, and if there is a contract there must be a commitment. The minister says there was no commitment, but the committee speaks of a contract with this company.

Mr. Dumas: The minister mentioned an amount of $1,900,000 in the main estimates. Was that $1,900,000 voted to pay those three companies? Was that the full amount covering this job in the Arctic?

Mr. Fleming (Eglinton): The sum was not provided entirely or exclusively for the work in the Arctic archipelago. Some of it was for work on the mainland.

Mr. Denis: Am I right in understanding from what the minister has said that the amount he just mentioned of $2,300,000 would be allocated? There would be no public tenders asked because, if the work is done, how can the minister then ask for tenders? There would be no tenders at all; is that right?

Mr. Fleming (Eglinton): I do not think my hon. friend followed what I have been saying. There were original contracts awarded to these three firms to undertake this work on a six-year basis.

Mr. Denis: For what amount?

Mr. Fleming (Eglinton): The total amount ran to something like $6 million. That was the total program. I am, of course, giving round figures now, according to my recollection. It was expected at one time when the contract was entered into that this would work out on a fairly uniform annual basis, but for the reasons I have indicated the work was expedited. My hon. friend asks about tenders for this work. These were the three companies which were successful as a result of the tenders and were assigned the work. Therefore it is a question of operating within the original contractual arrangements between the parties following the original tender.

Mr. Dumas: How many companies tendered for these contracts?

Mr. Fleming (Eglinton): I cannot give my friend the answer, but he knows perhaps better than I do the fact that there are not likely to be many companies in a position to undertake this work in that area. I cannot give him the answer to that question offhand. I can look it up and see if there were any others, but it would not surprise me if these were the only companies that tendered, and the work was shared among them.

Mr. Cardin: Despite the very valiant efforts of the Minister of Finance to answer the questions which have been asked, there seems to be in some minds, certainly in mine, a great deal of confusion as to whether or not there was any commitment. I wonder if I might make the suggestion to the minister that the Minister of Mines and Technical Surveys come in, because I understand that is under his department and I am sure he would be in a position to answer the question we really want to ask.

Mr. Fleming (Eglinton): I am giving to the committee the information which I have. That is the information I have on this subject. I have given the answer to this question on three occasions, now.

Mr. Chevrier: Much as we like the Minister of Finance in the circumstances we would prefer to hear the Minister of Mines and Technical Surveys.

Mr. Caron: I think we need still more clarification. First of all, the minister said that there was no commitment at all, and then a while ago he said tenders have been asked for and contracts given. Is there not something of a commitment, when the government has asked for tenders and given a contract?

Mr. Fleming (Eglinton): The hon. member is thinking of something quite different.

Mr. Caron: How can the minister say such things to the committee? When he was sitting on this side of the house he was the first to protest if he did not get the information he required. Now he refuses to give us the information which we need before we can vote on this item. Instead he tries to pass on all kinds of answers which are not true.

Mr. Fleming (Eglinton): I think the hon. member is now reaching a point where I must ask him to reflect on what he is saying. I was asked whether there were any commitments with respect to the amounts the house is now asked to approve. I have given the answer. There were no commitments. The hon. member is now talking about something quite different. I think this is about the sixth time I have said this, and I had hoped we would not need to go over the

same ground again. I made it quite clear that these firms went into the Arctic under the terms of a contract. They have now gone beyond the work which was contemplated and they offer the results of this work to the government, and we now ask that authorization be given so that we may have the results of that survey work now, without waiting.

Mr. Caron: If the Minister of Finance had said that some time ago we might have had an idea what he meant.

Mr. Fleming (Eglinton): I said it a dozen times.

Mr. Caron: Now the minister has explained what he means by commitments and what he means by tenders and what he means by contracts. I admit that my English is not as good as that of some hon. members, but the terms contract, commitment and tenders have something very similar about them.

Mr. Stearns: Could the minister tell us for how many years all the government aerial photography work has been divided among these three companies?

Mr. Fleming (Eglinton): The year 1958 was the second year of the contracts with the three companies.

Mr. Stearns: Do I understand that before that time, for the past 15 or 20 years, these three firms were the only ones which had been able to provide this service to the country?

Mr. Fleming (Eglington): I am afraid my information does not extend back over that period of time.

Mr. Pearson: One other question, and I think this will probably summarize our views on this matter: is it a fact that this amount is being asked for in connection with work which is now largely completed, and that if this appropriation is not passed, one of the companies which is doing this work without remuneration would perhaps go into bankruptcy.

Mr. Fleming (Eglinton): We were informed that the company, having gone so far, would be in a shaky position and might have difficulty in continuing to complete the balance of the work over the remaining period. Naturally, as I said earlier, the government is interested in seeing this task completed. We do not wish this work to fail to reach completion if we can avoid it, and it happens that there are other advantages to us, now, as I have indicated in entering on this proposed basis.

[Mr. Fleming (Eglinton).]

I was asked earlier about the number of companies which tendered, and my recollection, or conjecture, was correct. These three companies were the only ones to tender originally, and the work was divided among them.

Mr. Hellyer: Is the minister now informing the house that there are no savings as such to the government if we pay for the services now as opposed to paying in the next fiscal year, but that the saving is, in fact, accruing to the company?

Mr. Fleming (Eglinton): There will, of course, be advantage to the companies in being paid now for the work already done instead of their having to wait a year or two years until that work catches up with the period contemplated under the original contract. There is also an advantage to the treasury in having the work completed earlier than the contract date.

Mr. Hellyer: The minister referred to other advantages, and I wondered what they were.

Mr. Dinsdale: All the time during which this discussion has been taking place my memory has been trying to recall a similar discussion which took place on a similar item back in 1955. I have now obtained a copy of *Hansard* for that year. I find, also, that the same discussion took place in 1956. The question propounded in 1955 related to the following item:

> Payments to Royal Canadian Air Force and commercial companies for air photography, and to defray the expenses of and the purchase of equipment by the interdepartmental committee on air surveys—further amount required, $1,200,000.

It seems to me that this item is similar to the item we are discussing at the present moment.

Mr. Chevrier: May I ask a question? Did that discusssion take place during consideration of the main estimates or of the supplementary estimates?

Mr. Dinsdale: As I understand it, it was on the supplementary or the further supplementary estimates.

Mr. Chevrier: What was the date?

Mr. Dinsdale: March 25, 1955. I think it is a further supplementary estimate.

Mr. Fleming (Eglinton): Those are the final supplementary estimates in March, just before the close of the fiscal year.

Mr. Dinsdale: The question asked was precisely the question which has been raised

by members of the opposition here this afternoon, and in reply the former minister of finance, Mr. Harris, said:

As I think hon. members know, we have been carrying out a program of aerial photography in Canada, and estimates are made in advance of the amount of work expected to be done during the coming flying season. Last year happened to be a particularly good year in some parts and not so good in others. The contract for the photography was carried out not entirely to the extent that had been expected. In addition to that aerial photography, however, the people concerned were able to take photographs not of the area that had been set out but of other areas, and when they completed their work the Department of Mines and Technical Surveys realized that the photography that was being offered at that moment was of an area which they would have on their program in a few years and they might as well acquire it now. That accounts for the fact that they purchased this additional amount of aerial photography during 1954-55.

So it seems there is precedent.

Mr. Pearson: I doubt whether a precedent is established, but even if it is, the questions asked by the opposition in those days were perfectly reasonable ones. Fortunately for the government, the minister at that time knew the answers.

Mr. Fleming (Eglinton): I am struck by the similarity of the answer given by Mr. Harris in March 1955 to the answers given today by the Minister of Finance, and I am more than interested to recall, Mr. Chairman, that in that debate the hon. member for Kenora-Rainy River was parliamentary assistant to the minister of finance.

Mr. Benidickson: Mr. Chairman, I think perhaps the Minister of Finance this afternoon has a better understanding of the technique of getting estimates through the committee than he previously displayed. I wish to suggest to him that one way of rendering it extremely difficult to get his estimates through is to suggest that the questions being brought up by the opposition are raised as smoke. The hon. member for Brandon-Souris indicated that this was something that exercised the minds of members of the Conservative party when they were in opposition. This is something about which they wanted more early information. When they spoke about these things the public had every reason to believe that should they ever form the administration they would practice what they preached at that time. Instead of that the minister will not admit that parliament is not being treated with proper respect when he presented to the committee on January 30 supplementary estimates without making reference to this point. That was the question I raised.

The hon. member for Brandon-Souris did not indicate and I do not recall whether we had supplementary estimates in the session to which he referred prior to the presentation of this item on March 25 but I do submit that the Minister of Finance indicated that work had been done. Indeed, he said that most of it had been done due to favourable conditions last summer. He then went on to abuse the opposition by simply raising smoke that had no significance.

At this time I invite the minister to admit that this is not a wise practice. I should like to know if he is still of the opinion he advertised, as did the hon. member for Brandon-Souris, when they were on this side of the house and if he would give an undertaking that in another year he would avoid as much as possible bringing in at a later stage than he could have brought in proposed estimates for the committee of supply. I believe that is the essential point.

The other matter is that the minister has very noticeably retracted from the position he originally took.

Mr. Fleming (Eglinton): Not at all.

Mr. Benidickson: I refer to the fact that he talked originally of economies in connection with what is being proposed under this item. After the hon. member for Villeneuve reported on information that was available in the committee on mines and resources the minister changed his tune.

Mr. Fleming (Eglinton): He did nothing of the kind.

Mr. Benidickson: The minister now talks in terms of advantages. He does not mean the kind of advantage which I would imagine is the chief advantage. However, he spoke of an advantage rather than an economy, introducing a new word. I think there would be some advantage in getting this information for Canada earlier than would be provided for if it were lengthened for a six-year term. That is not what the committee was told.

Mr. Fleming (Eglinton): It is what the committee was told.

Mr. Benidickson: If the hon. member will examine his *Hansard* he will find he emphasized there was an economy that would accrue in connection with this extra appropriation. That has not proven to be the case. The work was done on contract. Certainly the minister's final description was more appropriate when he referred to an advantage.

If the hon. member for Brandon-Souris and the Minister of Finance were speaking sincerely when on this side of the chamber

they indicated to the country that things would be different if they sat to the right of the Speaker, I suggest that next year we will not have from the Minister of Finance at the end of the fiscal year appropriations in the supplementary estimates that are 120 per cent of the original estimate presented to the committee.

Mr. Dinsdale: Mr. Chairman, if I may be allowed a further word on that point I would say I believe the hon. member for Kenora-Rainy River has implied that I went further in my observations and indicated that I was unhappy with this procedure. That is not indicated by the *Hansard* record. I was merely inquiring about the additional expenditures. If I had read further I would have noted that Mr. Harris went on to explain that the procedure was in the interest of economy and we came to the conclusion that it was justifiable under the circumstances. We were a very reasonable and constructive opposition.

Mr. Denis: By reading further down the hon. gentleman would have observed that the then leader of the Conservative party criticized the situation at that time.

Mr. Dinsdale: No, that was the end of the discussion.

Mr. Pickersgill: Mr. Chairman, there is one little point the hon. member for Brandon-Souris brought up on which I should like to comment. I have just been listening to this discussion which seemed to me to develop from the explanation given by the minister. The minister is now taking great credit to himself for having parroted Mr. Harris' explanation which Mr. Harris understood, but there seems to be this difference. I may not have understood correctly and if I am wrong I, of course, unlike the minister am always perfectly willing to admit it.

Mr. Fleming (Eglinton): You are a great man.

Mr. Pickersgill: The hon. member for Brandon-Souris read Mr. Harris' explanation that in some areas the weather was not good and therefore it was not possible to carry out photography in some areas under contract but that in other areas not covered by contract photography was undertaken and this vote was for the purpose of buying the photographs taken in areas not covered by the contract. I just heard the reading of this and had no previous knowledge of it but I believe that is the sense of what the hon. member read. If I understood the Minister of Finance he did not tell us that. He said there was such extraordinarily good weather everywhere that a whole lot was done. There does seem to have been a specific contract in 1955 in the case to which Mr. Harris referred for a specific area. What is there in this case? What is there in the original contract? If the minister had complied with the request of the hon. members for Trinity and Laurier an hour ago and produced the original contract and read it to us no doubt the committee would not have had to ask all the questions that have been asked.

[Mr. Benidickson.]

Item agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

A—Department—

National health branch—

762. Administration of the Opium and Narcotic Drugs Act—further amount required, $47,000.

Mr. Martin (Essex East): Mr. Chairman, this vote involves a jurisdiction that is shared by the Minister of National Health and Welfare and the Minister of Justice. The Minister of Justice has been declaring policy which traditionally has generally been reposed in the Minister of National Health and Welfare. I refer particularly to the treatment of drug addicts.

The Minister of Justice has made no less than two statements that have come to my attention through the press in the last few months indicating that the government was giving consideration to the setting up of treatment centres for drug addicts. Can the Minister of Finance say whether or not any of this money is to be used for that purpose, directly or indirectly? What is the government's policy? Does it propose to establish treatment centres on its own or in co-operation with the provinces or does it simply propose to give financial assistance to the provinces for this purpose? I have in mind particularly the situation in British Columbia where there has been displayed a more than ordinary interest in this matter. Does the Minister of Finance think that his great knowledge of the problems of the government of Canada will enable him to give an answer to this all-important question?

Mr. Fleming (Eglinton): Mr. Chairman, there is no provision in this item for treatment centres. This additional sum is required to pay legal fees, court costs and other services as clearly appears on page 20 of the details. This arises out of a higher level of enforcement activity during the year.

The committee will, I think, be interested to know that in 1958 there were 522 convictions under the Opium and Narcotic Drugs Act as compared with 454 in 1957 and 391 in 1956.

Mr. Martin (Essex East): Mr. Chairman, that reply, such as it is, is acceptable but the reply of the minister indicates the weakness of the procedure of which he now wishes to be recognized as the author, namely that the Minister of Finance in connection with all these matters shall reply to questions on behalf of all his colleagues.

The point made by the Minister of Justice was that instead of using lawyers and courts for the purpose of punishing drug addicts, consideration might be given to the use of these facilities for determining whether or not in individual cases the punishment should consist of confinement in prison or whether it should consist of assigning the person concerned to a hospital for special treatment. I do not expect the Minister of Finance to answer this question, which assumes a certain amount of special training and knowledge which, in the face of his great and onerous responsibilities, he cannot be expected to acquire; but it does indicate the unsatisfactory procedure which the minister pursued last night and is pursuing today in persisting, notwithstanding the obvious discomfort of which he has been the victim.

Mr. Fleming (Eglinton): No; on the contrary, I have been completely comfortable.

Mr. Martin (Essex East): My hon. friend says that he is completely comfortable. His imperturbability is admirable, but I must say that this imperturbability does not in any way satisfy the legitimate demands of those of us in the house who are asking questions. The only way we could get a satisfactory answer would be to permit the minister to continue in his imperturbable state, but to have associated with that the superior departmental knowledge of his colleagues who might reply to these various questions. How satisfactory it would be if the Minister of National Health and Welfare was in his seat today and the Minister of Justice, to supplement information which the Minister of Finance quite obviously has not been able to give. What the Minister of Finance has is certain answers to certain obvious questions. He has given a partial reply now, but we have had a continuous exhibition since last night of the weakness of this procedure. Questions have been put on northern affairs and, even with the minister sitting by, there has not been a full invitation to that minister to reply. Last night we had the Minister of Agriculture so anxious to take part in this debate but denied that opportunity—

Mr. Fleming (Eglinton): It is a wonderful act you are putting on.

Mr. Martin (Essex East): —by the Minister of Finance. Then, we have the Minister of Mines and Technical Surveys, who is always so eager to give the house information, sitting in his seat here but denied likewise the opportunity. I am sure the Minister of Transport would have been happy to answer many of the questions dealing with aerial photography and surveys.

Mr. Fleming (Eglinton): It has nothing to do with his department.

Mr. Martin (Essex East): Yes, it has.

Mr. Chevrier: Yes, it has.

Mr. Martin (Essex East): It is only because of my long association with the Minister of Finance, for whom I have the highest personal regard, and whose advancement not only in government but in public life is as dear to me as it is to another classmate, the hon. member for Laurier, and others who want to see the hon. gentleman enshrined in Canadian history, that I ask him hereafter to recognize the limitations of his great capacities, limitations that deny us and the people of Canada the kind of information without which it is not possible successfully to prosecute our respective duties in this house.

Mr. Fleming (Eglinton): Mr. Chairman, my dear and hon. friend never put on a better act in his life than he has put on this afternoon.

Item agreed to.

Welfare branch—

763. Welfare branch administration—further amount required, $18,500.

Mr. Broome: I would like to make a couple of observations under this item, particularly as to whether the Department of National Health and Welfare are carrying out investigations into whether there might be the possibility of pensions being paid to pensioners outside of the country? I know there are tremendous administrative problems involved, particularly in connection with safeguards to ensure that the eligible pensioner is the only person who receives the pension cheque and, if the pensioner dies, the pension is stopped. There must be means by which the various departments of government that have pensions that are paid outside of this country control this problem now. I am sure it is a problem that would be within the administrative capacity of the department to solve.

I also note the fact that the residence qualifications have been reduced to 10 years. I can readily see that a person could come here, work 10 years, be eligible for a pension payment and then leave the country, if

pensions were paid to Canadian citizens outside the country. But I would point out to the department that it is not necessary to tie the same Canadian residence rule to the right to draw the pension outside the country as it is to the right to draw the pension within the country. The right to draw a pension outside the country could be made to depend upon 20 years' residence. This might be something that would not be acceptable to everybody.

There is also the fact that when pensions are paid outside of the country, particularly when they are paid in commonwealth countries, those countries would obtain Canadian currency which would return to this country in the form of an increase in foreign trade. The department might start to consider some of the problems involved so that if and when the government does consider it is something to be put before the house, the department would be ready to take care of their problems.

Mr. Herridge: Mr. Chairman, I have sat here very quietly for a number of hours, but I cannot resist rising to compliment the hon. member for Vancouver South on supporting a long time policy of this group, namely the payment of old age security cheques outside Canada to Canadian citizens who are entitled to that consideration. I do hope, Mr. Chairman, that he is able to influence his colleagues in the Progressive Conservative party and that the members of the cabinet will listen to the voice of some of their members from British Columbia. I find that the members from that province are a few steps ahead of some of their colleagues from central and eastern Canada. I do urge the minister to bring those representations of the hon. member for Vancouver South to the particular attention of the cabinet so that early consideration may be given to his request, based on our long time policy.

Item agreed to.

764. Reduction in the amount owing by the old age security fund pursuant to section 11 of the Old Age Security Act in an amount equal to the amount of outstanding temporary loans made by the Minister of Finance to the fund before the 1st day of April, 1959, estimated at, $184,000,000.

Mr. Martin (Essex East): Mr. Chairman, there are two points arising out of this important vote. First of all, the other day the government tabled at long last the Clark report, which consisted of an examination of the old age and survivors program in the United States. It will be remembered that this report had its genesis in the observation made by the Prime Minister during the course of an election that he favoured the United States system either in supplement of what we already had under our universal old age security system or as a replacement.

[Mr. Broome.]

It would be very interesting if the Minister of Finance would tell us whether or not the government has yet perused the two volumes prepared by Dr. Clark; whether or not, as a result of all the factual information given in that report, the government has been able yet to arrive at a policy; whether or not the Prime Minister has had a confirmation of his election judgments and when we may expect the government to take action or not to take action. After all, we were promised this in 1958. The report was to be ready in four months and although it has taken over 14 months to get the report, in view of the fact that the Department of National Health and Welfare has practically all of his information now within its resources, perhaps the Minister of Finance would be able to give us information of its policy in the matter of the United States old age survivors program.

The second observation I should like to make is with regard to the amount contained in the supplementary estimates of $184 million for old age security. Now, this item represents a reduction of the deficit in the old age security fund. It is a lower estimate than that provided for the prospective deficit of the fund. The Minister of Finance, when he presented his budget on June 17, 1958, said at page 1240 of *Hansard*:

—We shall also be required to meet the increased deficit in the old age security fund which will be about $190 million in this fiscal year.

The actual deficit up to the end of January, 1959 was $158.8 million, and in recent months the deficit has been running at a rate slightly in excess of $15 million monthly. It therefore follows that the original estimate which the Minister of Finance made of $190 million is very close to reality. I, therefore, ask the minister, why is the government making a provision of $184 million, at least $6 million less than the prospective deficit and the deficit which he, himself, predicted? I am sure that the minister must have a reason. It is true that this is a statutory item and that there will be no refusal to pay this money to the old age security pensioners whether or not we pass this item in its present amount of $184 million. This amount seems to be short of what will ultimately be required. It does seem the minister owes the house an explanation as to why he has not fulfilled his own prognostication because this amount is short by at least $6 million.

Mr. Fleming (Eglinton): The report submitted by Dr. Clark is under examination and government policy in regard to that subject will be announced at the proper time. In so far as the amount is concerned, the figure of $184 million represents the estimate of the deficit at March 31, 1959 in respect

of the present fiscal year. We are in a position, naturally, to make a more precise estimate in March than we were in June. It happens that now we find the estimate is likely to be $6 million less than appeared to be required when the budget was brought down on June 17.

Mr. Martin (Essex East): It could not be because the minister, anticipating the introduction of his budget, is hoping to be able to portray at that time a smaller figure of government expenditures, knowing full well of course that he will always be able, under the statutory authority that exists, to provide additional moneys for the old age pensioners at a later date. The minister could easily take the position in regard to statutory items, that we shall only ask, up until the end of the fiscal year, for a certain amount, and when we bring in the budget we will refer only to the actual expenditures. Could it be that kind of consideration was in the mind of the Minister of Finance?

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend has a great time in dreaming up bogeymen. I can only repeat to him that at this time the best estimate that we can give the committee, based upon the best advice available, is that the deficit in this fund for the present fiscal year will be $184 million, not $190 million.

Item agreed to.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

National parks branch—

765. National parks and historic sites services—administration, operation and maintenance—further amount required, $284,279.

Mr. Fisher: On February 18 in this house the Minister of Northern Affairs and National Resources, on page 1146 of *Hansard*, said this in relation to information on the hiring of employees for national parks:

> The information is in the possession of the hon. member for Brandon-Souris. He tells me that he is prepared to stand up in the house and, if it is required, bring the whole matter to the attention of the house. I am going to ask him to do that in view of the statements made and questions asked by the hon. member for Kenora-Rainy River.

It seems to me that this is the proper place for us to remind the minister and the member for Brandon-Souris of the obligation to make this explanation of the particular hiring practices which agitated the house for some time a few months ago.

Mr. Robichaud: While the hon. member for Brandon-Souris is taking time to reflect upon whether or not he is going to give an answer, I may say that I notice the amount for this item is $284,279, and that is quite a substantial amount to be requested in supplementary estimates. In looking over the details, I find that $13,506 is directed toward payments for telephones and telegrams. Can the minister give us a further explanation of the reason for requiring $13,506 for telephones and telegrams for this branch when the amount in the main estimates was only $25,130? Would the minister think the increase of 50 per cent might be represented in the increased telegrams sent out by the department to confirm the appointment of employees who had been appointed to national parks through political partisanship?

Mr. Fleming (Eglinton): No, I am afraid my friend has misconjectured again. This increase arises out of the expanded works programs, including the winter works projects. This has necessitated a large volume of rapid communications, that is to say, communications by telephone and telegram in order to avoid delays in the work. In addition to that new telephones have been installed since April 1, and there has been a recent increase in the rates charged.

Mr. Fisher: The main estimates for the department have been passed so far as national parks are concerned, and I certainly doubt that they would have been passed at the time if we had not had that assurance from the minister that we would get an explanation later from the member for Brandon-Souris. I would very much welcome that explanation at this time.

Mr. Dinsdale: I am quite happy to oblige the hon. member for Port Arthur. I am very interested in his morbid curiosity about this matter. I think I can dispose of it in a very brief reply. I believe the former member for Dauphin could enlighten the hon. member on this score if he would care to write a letter to him. Actually, as I read the discussion that took place around this subject on the occasion referred to by the hon. member, it seemed to me that the minister of northern affairs has given the necessary details. As to any additional information I might give, all I can say, Mr. Chairman, is that there is no problem. The hiring is being done through the national employment service.

I might give a little background information on that score. We took the initiative in this regard early last October when the winter works projects for national parks in Manitoba were announced. The minister was in communication with us. In the city of Brandon we have a very active winter works campaign committee. As a matter of fact that committee undertook and completed the most successful winter employment activities of any similar committee across the country.

Our unemployment picture was much better this year than it was last year. In an organization meeting at the end of November, I believe it was, we discussed this matter of the plan for winter works projects, and I informed the members of the committee, and it is so inscribed in the minutes of that meeting, that I would have this matter dealt with on my return to Ottawa.

We returned to Ottawa early in January, and within a week of parliament assembling we had met with the minister of northern affairs and the necessary instructions had gone out regularizing the employment activities for Riding Mountain national park. I think that pretty well completes the story so far as I am concerned.

Mr. Fisher: I should like to ask the hon. member a question that was posed last February by the hon. member for Kenora-Rainy River. Did the hon. member for Brandon-Souris make these representations to the minister acquiescing in a new scheme before or after this publicity in January or the complaint of the Brandon winter employment committee in December?

Mr. Dinsdale: Quite. We first began to deal with this matter in October. It came before the winter work committee in November. At that time I indicated that one of my first duties in Ottawa would be to clear up any difficulties remaining, and that was done at the earliest possible moment. The hon. member has referred to a news story which appeared first as a radio story over radio and television station CKX and it was later repeated in the Winnipeg *Free Press* under the byline of James Struthers. Mr. Struthers is news editor of the radio and television station in Brandon.

Mr. Pearson: The hon. member has just referred to this committee in Brandon which he says in respect of these matters is working satisfactorily and is a reputable committee. But as reported at page 1144 of *Hansard* the minister had this to say about a committee in Brandon which presumably is the one to which my hon. friend now refers in such glowing terms. The minister said:

> It is not new to us to have a group of people as in the city of Brandon deliberately set out to build up a news story, as they did, and to get it published in the newspapers and over the radio in Winnipeg, with the sole purpose of trying to smear a government which has made an effort to increase the standards of employment in the parks. With that information I think the house can take for granted the opinion which we hold of this group of men who deliberately set out to do such a thing.
>
> Mr. Pearson: May I ask the minister a question? Can he tell the committee who composes the group of men he talks about?

The minister said that when the hon. member for Brandon-Souris was in his seat he would inform the house about this group and who were in the party in Brandon. That is the group presumably to which the hon. member has now referred in glowing terms.

Mr. Dinsdale: I should not like to leave that impression on the record. The winter work committee has nothing to do with the committee referred to by the Minister of Northern Affairs and National Resources. I rather suspect he was referring to the Liberal executive in Brandon which became involved in these discussions. I am not going to interject that note into the discussion here this afternoon but certain statements were made in the press from that source. I would presume that was the committee referred to by the Minister of Northern Affairs and National Resources. It had nothing whatever to do with the winter work committee which is a voluntary group of citizens who give of their time without remuneration in order to relieve the seasonal slump in employment that has been a part of our Canadian economic picture, mostly arising from severe winter weather conditions.

Mr. Pearson: Mr. Chairman, we were talking at that time on February 18 about winter employment and about arrangements for the hiring of men in connection with this particular park. Surely there was no question in the mind of the minister that when this report was made it was made to a committee in Brandon which was concerned with that activity. If the minister was thinking of some other committee, he should at least be a little bit more careful in his words in the House of Commons on matters of this kind. He cast a serious reflection on a committee which he did not designate by name but which in our minds was a committee dealing with unemployment problems. Now the hon. member, some weeks later, said it was not that committee at all that the minister was talking about but that it was some other committee. I suggest, Mr. Chairman, that at least the minister should be more careful in his references to these matters.

Mr. Hamilton (Qu'Appelle): I rise on a question of privilege, Mr. Chairman. Surely the Leader of the Opposition would do the committee the courtesy of reading his second question on that day and my answer which I will read for the record. It is to be found at page 1146 of *Hansard* and is as follows:

> I am almost positive that it is not the body known as the winter employment committee.

I think this reflection he has made on my remarks on that occasion, insinuating that I left the impression that this was the winter work committee, is improper and not pleasing to make in this chamber.

Mr. Pearson: I will read whatever the minister wants me to read on this matter. I do not want to do him an injustice. I asked him a question as follows:

> May I ask the minister a question? Can he tell the committee who composes the group of men he talks about?

I have already put that on record. He answered that question in this way:

> Mr. Speaker, the hon. member for Brandon-Souris is not in his seat. He knows the story and when the apropriate time comes possibly I will ask him to tell the house just exactly who were in that party, who they are and what positions they hold in the Liberal party.

Mr. Chairman, we were talking at that time in this house about a committee in Brandon dealing with winter employment. If the minister had in mind some other group of Liberal politicians in Brandon he should have made it perfectly clear that he was distinguishing between that group and any citizens committee. I am not doing him any injustice at all when I say that he left in our minds at that time the impression that that was the committee about which he was talking, but the hon. member now has said that it was not.

Mr. Dinsdale: On that point, Mr. Chairman, may I say that it is unfortunate that I was not in my place when this subject came up for discussion previously. Had I been in my place I am sure that this misunderstanding would not have occurred. As a matter of fact, I was in Manitoba taking part in a series of brotherhood banquets in connection with the activities of the Canadian council of Christians and Jews. I think this might be the appropriate note—I refer to the note of brotherhood—on which to conclude this discussion here this afternoon.

Mr. Martin (Essex East): Everyone knows that there is no one who embodies in his own person the concept of brotherhood more effectively than does the hon. gentleman who has just spoken. But apparently some of his colleagues have a different conception of brotherhood. In their case it does not extend to the brotherhood of man as apparently it did on the occasion of which the hon. gentleman spoke in Brandon under the auspices of the organization to which he referred.

Mr. Dinsdale: We invited the hon. member to be with us.

Mr. Martin (Essex East): Yes, my hon. friend is quite right, he invited me to go with him. If I had gone, undoubtedly he and I might have expressed the same concept of brotherhood which might not have been fully acceptable to some persons. I ask the hon. member—because he is the senior member from Manitoba, I believe—if he cannot enlighten us on another aspect of the grievance to which in principle the Leader of the Opposition has now directed our attention. When the hon. member for Kenora-Rainy River spoke on February 18 he had a number of grievances in this respect. I referred to this particular question myself when I spoke on the address and I mentioned it last night, hoping that we would get some response from the Minister of Finance. But the Minister of Finance who, as I say, is heavily charged with other matters, could not give us an answer to this question. He looked knowingly at the seat—which was vacant last night—occupied by the hon. member for Brandon-Souris who undoubtedly was away on responsible business. It may have been a brotherhood meeting; I do not know. Then he looked over at the hon. member for Marquette. Undoubtedly he too last night was, as he is now, engaged in the furtherance of brotherhood. But the particular grievance which the hon. member for Kenora-Rainy River had in mind, and which I had in mind last night and have now in mind, is the situation which prevailed in another Manitoba riding. That situation was brought to our attention by an article which appeared in the Winnipeg *Free Press* dated January 12, 1959, and the heading of it was "I Hand Out the Jobs says Minnedosa Tory". This article appeared also in the Winnipeg *Tribune* of January 14 and it bears this headline: "Three M.P.'s Pick Needy for Park Project Jobs".

Is it true that a Conservative member of parliament who has no hesitation in designating himself as a Tory, says, "I hand out the jobs"; if that is the situation in Brandon, surely the hon. genleman when he next speaks on brotherhood ought to go into other ridings and speak on brotherhood there, because jobs should be given not only to Tories but to all Canadian citizens.

Mr. Dinsdale: I must add a further word, Mr. Chairman, following the hon. member's comment. I did take pains to investigate the story to which he has referred, and I was informed that much of the information in that story with reference to the three members who handed out jobs was not derived from the source indicated, that is, from Mr. Weir, but was based on an inside knowledge of what used to take place in that area.

Mr. Pearson: Mr. Chairman, would the hon. member confirm or deny the accuracy of a report that the labour council in Brandon, which is not, presumably, a Liberal organization, had forwarded a protest to Walter

Dinsdale over the current method of allocating labour for winter work at Riding Mountain national park?

Mr. Dinsdale: Mr. Chairman, I did receive the protest. That protest arose over the story which appeared in the Winnipeg *Free Press,* but which was first reported both on radio and television early in January. The Brandon labour council based their protest entirely on those stories and the facts contained in the story were not entirely correct as I have indicated. I checked the situation when I was back in the west and all the information was not given. All the details were not given by the man concerned, and it indicated some inside information from other sources. Where that inside information came from I do not know and I am not going to impute any motives, but it was not obtained from the source indicated in the story.

Mr. Pearson: The hon. member says he got no such protest?

Mr. Dinsdale: I said I did receive such a protest based on the story.

Mr. Pearson: In other words, the member did receive a protest from the labour council in regard to allocating labour in this area, irrespective of the basis of the story, and it was a protest from the labour council of Brandon. The hon. member also said that the words attributed to Mr. Weir, which appeared in more than one newspaper, are not accurate; but they were quotations attributed to Mr. Weir?

Mr. Dinsdale: That is the information I have, that all the details of that story were not quite accurate.

Mr. Pickersgill: Could I ask the hon. member for Brandon-Souris if Mr. Weir has ever publicly denied that story?

Mr. Dinsdale: I cannot say whether he has or not. My only basis of knowledge would be to see such denial in the public press, and I have never seen it.

Mr. Pickersgill: Could I ask the hon. member one other question. I do not want to do him an injustice but did I understand him to say in his earlier statement that Mr. Weir had been appointed to give out these jobs before the present government came into office? I think he said that he found this was the practice before the present government came into office. Is he suggesting that Mr. Weir was doing this before the present government came into office, or how did Mr. Weir come to be doing it?

Mr. Dinsdale: Mr. Chairman, we are now beating old straw because I have read the *Hansard* report of the discussion back in February, and I believe that information was all placed on the record by the Minister of Northern Affairs and National Resources. I have been a member for Brandon-Souris since 1951, and I do know that the only employment area in Manitoba that operated outside the national employment service was that which operated in connection with the hiring of casual or seasonal employees at Clear Lake. That is why I suggested to my hon. friend from Fort William that if he would communicate with the former member for Dauphin he would be able to receive some enlightenment on certain aspects of this matter, because we used to try to resolve the difficulty. We could not resolve the difficulty in the first year of office of the new government. The old practice continued, and I was very unhappy about it. We took the initiative and the matter is now resolved. All the hiring is done through the national employment service, and quite recently even the Liberal association at Brandon made the statement to the press that everything was rosy in the garden in this respect.

Mr. Fisher: Then can the member state flatly that the bad old Liberal ways of doing things in this particular area are gone, and as far as he is concerned gone forever?

Mr. Dinsdale: This was the last resort and it has gone.

Mr. Fisher: Did the member in northern Manitoba who was associated with him act in the way the Liberals used to?

Mr. Dinsdale: No. I have a press statement from the manager of the local employment office in Brandon to this effect:

> Mr. Bain said a meeting to discuss Riding Mountain hiring methods was recently held in Ottawa at the instigation of local M.P. Walter Dinsdale. He said Mr. Dinsdale is quite concerned over charges that men are being hired for the project because of their political affiliation.

He said that steps were being taken to see that the national employment office is in charge of placing all workers hired at the Riding Mountain national park. That story appeared in the press some weeks ago.

Mr. Fisher: Just in closing, Mr. Chairman, since I brought this matter up originally and have been back to it several times over with other people as well, I would like to apologize if it has resulted in any embarrassment to the member. I would like to remind the hon. member that we have had several instances in my own riding which made me suspicious of this particular thing, especially in so far as the Department of Public Works and the Department of Transport are concerned. It

was that suspicion which led me to question him; it was no reflection on him at all.

Item agreed to.

Forestry branch—

Forestry operations division—

767. Contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements that have been or may be entered into by Canada and the provinces—further amount required, $190,000.

Mr. Herridge: Mr. Chairman, I am very interested in this vote, the contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements that have been or may be entered into by Canada and the provinces. Here is another further amount of $190,000 required, $150,000 with respect to forest inventory, and $40,000 with respect to reforestation. We support this increase wholeheartedly, and we support the policy wholeheartedly. But in view of the fact that there are agreements made with the provinces with respect to expenditures on forest inventory and reforestation, could the minister inform the house if this extra money is required because there have been more agreements signed, or is it because various provinces have undertaken more work in this connection this year?

Mr. Fleming (Eglinton): It is the latter, Mr. Chairman. The provinces have gone ahead with projects approved under the terms of the federal-provincial forestry agreements involving increased expenditure for the provinces.

Mr. Herridge: One other question. I am very interested in this question because I have seen some of the inventories being taken. What does the federal department do to make certain that the inventories in question have been undertaken in the way designated by the agreement?

Mr. Fleming (Eglinton): Of course, Mr. Chairman, it is the responsibility of the federal government, the department concerned, to satisfy itself that the expenditures made by the provinces for which reimbursement is claimed from the federal government have been properly made in accordance with the provisions of the agreements.

Mr. Herridge: In that connection, does the federal government have an official or an inspector make a check on the area concerned with respect to the inventory? In what way does the department receive an assurance that the area with which the inventory is concerned has been completely covered, and that the inventory has been scientifically secured?

Mr. Fleming (Eglinton): Mr. Chairman, there are, I am informed, no federal inspectors on the ground. This is done by aerial survey, and the aerial surveys are closely checked by federal officers.

Mr. Herridge: This may be partly done by aerial surveys, but I have been with parties who have been conducting ground surveys of the timber stands, so this work must be done partly by air and partly by ground survey teams. I have been with parties conducting these checks.

Mr. Deschatelets: Mr. Chairman, I should like to know whether in respect to this item there was any agreement entered upon with the province of Quebec concerning a forest inventory and forest fire protection.

Mr. Fleming (Eglinton): The province of Quebec is not a party to the agreement in respect of the forest inventory and reforestation and it is these two matters which are covered by the further amount required.

Mr. Deschatelets: Does that mean that the province of Quebec is the only province which does not benefit from these grants?

Mr. Fleming (Eglinton): The province of Newfoundland is not a party to either of these programs. The province of New Brunswick is a party to one, namely forest inventory, and the province of Prince Edward Island to one, namely reforestation. Alberta is a party to one, namely the inventory. The other five provinces are parties to both agreements.

Mr. Deschatelets: Would the minister inform the house if at any time since this government came to power there has been any communication with the authorities of the province of Quebec in respect to these grants either by letter, telephone or telegram?

Mr. Fleming (Eglinton): There is an agreement with the province of Quebec in respect to forest fire protection, but the agreement does not extend to the two categories here mentioned, namely forest inventory and reforestation. One cannot say that in any discussions between officials this matter may not have come up, but we are not aware of any official communication on behalf of the government of the province in relation to the two matters now under discussion.

Mr. Deschatelets: Will you permit me a few comments at this point, Mr. Chairman? We are dealing here with one aspect of the fiscal relations between Ottawa and Quebec, and the reason we are pressing for an agreement to be reached concerning all these grants, including those covered by this item 767, is because, first of all, these grants are badly needed and, secondy, because the Minister of Finance himself, as well as the

50 Conservative members from Quebec, have made a firm commitment with the citizens of the province of Quebec to solve the difficulties arising out of the negative stand taken by the premier of Quebec in his dealings with the federal government.

We now have evidence that nothing has been done to solve these problems, and we also have evidence that all the other provinces are benefiting from these grants. It therefore appears to us that in spite of these promises the situation is perhaps worse than it has ever been, and for this reason—that there is now more confusion because of the fact that there are now 50 Quebec Conservative members who are seeking their instructions from Mr. Duplessis—

Some hon. Members: Order.

The Deputy Chairman: I do not think the hon. member can continue along those lines.

Mr. Chevrier: I should like you to point out now, Mr. Chairman, on what basis and under what rule the statement which has just been made by the hon. member for Maisonneuve-Rosemont is out of order, because I think—

The Deputy Chairman: Because the hon. member imputed motives and because he is referring to a provincial matter.

Mr. Chevrier: He has not imputed motives. He has said what he thinks of the attitude of the premier of another province, and making that statement cannot be interpreted as an imputation of motives.

Mr. Pickersgill: Surely, if I may add a word, after the display we had from the Prime Minister on Monday about the premier of another province, the chairman is not going to deny to a humble backbencher the right to refer to the premier of Quebec.

The Deputy Chairman: I did not stop the hon. member for referring to him—

Mr. Fleming (Eglinton): Is the point not this? It is a question of whether it is or is not a breach of the privileges of the house to say that any hon. member in his actions here is simply doing what somebody outside the house has told him to do. We have had this matter up before, and my understanding is that it has been ruled to be a breach of privilege to say that hon. members in their actions here are simply doing what they are told to do by someone outside.

Mr. Chevrier: The hon. member did not refer to any individual member. If he had done so it might have been different. He referred to 50 or 51 members, and I do not think the rule is the same in these circumstances. Certainly there was no imputation or motive to the premier of the province, and I think that is what the chairman had in mind.

Mr. Deschatelets: In my remarks I had in mind, of course—and this is a fact which cannot be denied—that when a question connected with federal grants to the province of Quebec has arisen we have seen in many instances 20 or 25 Quebec Conservative members leave the house in order to avoid taking a stand.

Mr. Fleming (Eglinton): Highly improper!

The Deputy Chairman: I do not see that has any relevance at all to this question.

Mr. Martin (Essex East): What is wrong with the statement that has just been made by the hon. gentleman? He has stated as a matter of fact that a number of representatives from the province of Quebec seated on the government benches decided not to join in a particular vote. That is a fact.

Mr. Fleming (Eglinton): A highly improper statement!

Mr. Martin (Essex East): What can be wrong in the hon. member saying so? He is making an argument and he is adducing certain facts in support of that argument. The chairman has just told him he cannot do it. We can be called to order but we have the right to argue the point of order.

The Deputy Chairman: What the Chair is saying is that what the hon. member is talking about is not relevant to vote 767.

Mr. Chevrier: But it is, Mr. Chairman.

Mr. Fleming (Eglinton): Mr. Chairman, is not this the fact: there is a plain rule of this committee that no hon. member may reflect upon the vote of another hon. member? That is precisely what is involved here The hon. member who has been speaking as you correctly said, if I may say so, is talking about something quite apart from what is now under discussion and he has no right to reflect on the vote of any hon. member on any subject.

Mr. Pearson: Mr. Chairman, no one is reflecting on a vote. The remarks that have been made refer to the refusal of certain hon. members to vote but there is no reflection on the vote of any hon. members.

Mr. Pickersgill: Shirking their duty.

Mr. Chevrier: Mr. Chairman, I should like to say a few words on this point. There seems to be a complete misapprehension about this question. There appears to be an apprehension on the part of some hon. members that this item is not a matter upon which certain hon. members from the province of

Quebec have made a decision by their vote. As the hon. member for Maisonneuve-Rosemont stated a moment ago it is a matter purely within dominion-provincial relations. This is a matter in which, as the minister has said, the province of Quebec has refused to accept grants. Therefore, surely the hon. member has the right to discuss that question and in discussing it to say what the views of the premier of that province are and what the views of certain hon. members who support the premier of that province are. That is what the hon. member was seeking to do and in that respect I submit he was in order.

Mr. Fleming (Eglinton): Mr. Chairman, we are dealing here with two matters and only two, namely forest inventory and reforestation. This does not permit any hon. member to launch into a discussion of dominion-provincial fiscal relations.

Mr. Chevrier: But it does.

Mr. Fleming (Eglinton): It permits discussion, Mr. Chairman, of the relations between the dominion and the provinces only in respect of forest inventories and reforestation and not the relations between the dominion and the provinces with regard to any other matter.

Mr. Chevrier: I agree.

The Deputy Chairman: Order. Standing order 35 is what I was referring to. It reads in part, as follows:

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

In his remarks the hon. member was talking about votes that had been taken, as I understood it.

Mr. Deschatelets: Mr. Chairman, I have only one further comment to make on this matter. It is my belief that the point I am raising concerns one aspect of the fiscal relations between Ottawa and the province of Quebec. I hope the minister will not think we are raising these issues simply because Quebec is involved because our stand in this matter of fiscal relations has been clearly indicated over the years. We have always believed and still believe that under the British North America Act not only are the provinces equal but that all the provinces are entitled to an equal share of the wealth of this country. Because many of my hon. friends opposite have taken the commitment not to accept and indeed to talk against these federal grants it is our intention when this discussion is over to ask you to call for the yeas and nays.

Mr. Chevrier: Mr. Chairman, may I ask the minister why it is that the province of Quebec is not participating in this vote?

Mr. Fleming (Eglinton): The government of that province has chosen not to do so, just as some other provinces have chosen not to. The statement was made a moment ago that Quebec was the only province in that category, but it is not at all. There are five of the ten provinces which have chosen not to participate in one or both of these two programs.

Mr. Chevrier: Is the minister able to say why the province of Quebec has decided not to participate in these programs?

Mr. McIlraith: Mr. Chairman, may I ask what provinces do receive benefit under the vote?

Mr. Fleming (Eglinton): I gave the list of those that do not and I suppose we could arrive at the others by subtraction. Those that come in on both programs are British Columbia, Saskatchewan, Manitoba, Ontario and Nova Scotia.

Mr. Chevrier: Does the minister not concede the fact that this particular vote is a portion of the larger question of dominion-provincial relations as between the federal government and the province of Quebec?

Mr. Fleming (Eglinton): For the purpose of discussing this item, Mr. Chairman.

Mr. Batten: Mr. Chairman, may I ask the minister if he would give us the breakdown of the $190,000 showing the amount received by each province now benefiting from this grant?

Mr. Fleming (Eglinton): I will give my hon. friend the totals which are in the combined main and supplementary votes:

FOREST INVENTORIES

British Columbia	$454,696
Alberta	104,411
Saskatchewan	16,987
Manitoba	32,378
Ontario	195,350
New Brunswick	10,500
Nova Scotia	25,623

REFORESTATION

British Columbia	26,000
Saskatchewan	2,875
Manitoba	15,000
Ontario	185,550
Nova Scotia	4,190
Prince Edward Island	16,310

Mr. Fisher: Mr. Chairman, I should like to ask the Minister of Northern Affairs and National Resources a rather technical question in connection with this vote. It is currently being discussed that the basis of forest fire regulations in Ontario is going to be changed

and that some onus will be taken off the pulp and paper companies who have certain leases. Is that going to have any effect on the agreements the provinces have with the federal government in so far as contributions toward forest fire protection is concerned?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I would suggest that this question could be asked more properly either in the standing committee or when my estimates are before the house. I should like to have my officials here when I answer it. I know there is a connection but it would take too long to obtain an answer at this moment.

Mr. McIlraith: Mr. Chairman, in answer to a question I asked a few moments ago the Minister of Finance listed five provinces and in answer to a subsequent question he indicated seven provinces. There appears to be a conflict in the two answers.

Mr. Fleming (Eglinton): Not at all, Mr. Chairman. The hon. member was not in his place when I went over this.

Mr. McIlraith: I am sorry, but I was in my place.

Mr. Fleming (Eglinton): I have already explained the nature of these two programs. There are two programs that are involved here. In going over this some time earlier I pointed out that there are two provinces that do not participate in either of the two programs, Quebec and Newfoundland. I pointed out that there are three provinces which participate in only one program. The province of Alberta participates in the inventory program but not in the reforestation program. The province of New Brunswick participates in the inventory program but not in the reforestation program. The province of Prince Edward Island participtates in the reforestation program but not in the inventory program. What I was saying is that there are five provinces that participate in both and there are five that do not participate in one or other of the programs or both.

Mr. McIlraith: In other words the minister is now explaining that his previous answer to my question was not in accordance with the facts.

Mr. Fleming (Eglinton): Not at all.

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

Some hon. Members: Agreed.

Item agreed to: Yeas, 67; nays, nil.

[Mr. Fisher.]

PRIVY COUNCIL

Special—

768. Expenses pertaining to the visit to Canada in 1959 of Her Majesty the Queen and His Royal Highness the Prince Philip, Duke of Edinburgh, including authority, notwithstanding the Civil Service Act or any other act but subject to the approval of treasury board, to appoint and to pay persons to be engaged temporarily in connection therewith, $33,000.

Mr. Regier: Mr. Chairman, can the minister explain what preliminary expenses have run as high as the amount he is asking for here? I understand the royal visit will take place several months hence. Is the minister able to explain to the committee what kind of flag will be flown when Her Majesty as queen of Canada is aboard the yacht in a Canadian river?

Mr. Fleming (Eglinton): Mr. Chairman, the answer to the first question is that the expenditures to March 31, 1959, consist of pay and allowances for army personnel, salaries, professional and special services, travelling expenses, printing, stationery and supplies and sundries. The total is $33,000. The anwer to the second question I think should come from someone other than myself in due time, Mr. Chairman.

Mr. Fisher: Mr. Chairman, I should like the minister to tell us something about the arrangements that are going to be made. I know that so far as the hon. member for Fort William and myself are concerned we would like to know something about the arrangements for the royal party coming into our area, for example. We do not want suddenly to discover on the day that we have to get permission from the defeated Conservative candidate to appear on the scene. Has the minister any information in this regard?

Mr. Fleming (Eglinton): No, there is no more information than has already been given to the house and the public. Detailed arrangements, of course, cannot be made known until the time more closely approaches.

Mr. Herridge: Let me come to the assistance of the minister who is a privy councillor. I want to inform him that the royal yacht *Britannia* is a unit of the royal navy and will fly flags required by admiralty regulations.

Item agreed to.

PUBLIC PRINTING AND STATIONERY

769. Distribution of official documents—further amount required, $13,000.

Mr. Pickersgill: I have one question to ask the minister on this item. How much

of this $13,000 was expended on the distribution of the "Canadian Economic Outlook for 1958"?

Mr. Fleming (Eglinton): It is not possible, Mr. Chairman, for me to break this amount down into small segments. Actually, the item relates to other expenditures than the actual printing. It consists of freight, express and cartage, postage, advertising, office stationery, supplies and equipment.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Central Mortgage and Housing Corporation—

773. Expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, rental housing, schools and related services on behalf of the Department of National Defence—further amount required, $270,000.

Mr. Garland: According to the reference, the details are on page 22, but there are fewer details on page 22 than are listed in the item itself. Can the minister explain where this is to be expended?

Mr. Fleming (Eglinton): As the item indicates, Mr. Chairman, this relates to expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, rental housing, schools and related services on behalf of the Department of National Defence. The fact is that the construction work has exceeded what was originally anticipated. This is the whole sum and substance of the item. We are faced with increased costs.

Mr. Garland: Can the minister give us some details as to where this overexpenditure occurred?

Mr. Fleming (Eglinton): Well, it is not confined to any one place; this is in the entire program.

Mr. Garland: Can the minister say whether any part of this money or of the general vote was devoted to the development at Moosonee? There was a story in the *Financial Post*, I believe, some weeks ago —

Mr. Fleming (Eglinton): I can tell my hon. friend the answer is no.

Mr. Pickersgill: Is this additional amount required because the estimates made originally for the cost of those buildings were inaccurate and they have had to be exceeded?

Mr. Fleming (Eglinton): Mr. Chairman, the program is larger. The Central Mortgage and Housing Corporation has, on the instructions of the government, gone ahead with this program of constructing more houses and has incurred higher costs.

Mr. Pickersgill: Is it more houses or is it higher costs? That is the point of my question.

Mr. Fleming (Eglinton): Both. I should like to enlarge on the answer. The program was enlarged. The Department of National Defence required more houses and this program was enlarged, the government having in mind the provision of winter work as well.

Mr. Pickersgill: Can the minister tell us whether some of those additional houses were to be built for those members of the Royal Canadian Air Force who were to fly the Arrow?

Mr. Garland: Can the minister clarify this. Is it in fact for construction or simply for administration?

Mr. Fleming (Eglinton): It is reimbursement to the Central Mortgage and Housing Corporation for its administrative expenses in supervising on behalf of the Department of National Defence this larger program in the construction of houses.

Mr. Garland: Then it is not construction at all.

Mr. Fleming (Eglinton): My hon. friend asked me how the item arose. It arises out of the enlarged program, more expensive program of construction, undertaken at the request of the Department of National Defence, and Central Mortgage and Housing Corporation is entitled to be reimbursed for its increased administrative expenses as a result of this enlarged program carried out on behalf of the Department of National Defence.

Mr. Pearson: Then this $270,000 is not for the construction of more houses; it is not for extra costs that go into the construction of those houses; it is only for extra costs of administration in respect of the new program?

Mr. Fleming (Eglinton): The cost of the construction of the houses themselves is provided in the estimates of the Department of National Defence. This is the repayment to Central Mortgage and Housing Corporation for the services it rendered as an administrative agent.

Mr. Garland: One more point, I notice in the 1957-58 estimates the item of $720,000 was reduced; in other words, there was a reduction of $280,000. Now we find a third supplementary increase of $270,000. What was the reason for the original reduction?

Mr. Fleming (Eglinton): The program of construction which was contemplated when

that main item was drawn and put before the house was not as large a program as was carried out at the request of the Department of National Defence. It was to meet needs on the part of the Department of National Defence, plus a desire to provide work so far as possible.

Mr. Pearson: I wonder if the minister could give us any information as to where this new defence housing construction is taking place for which this amount is required for additional administrative costs? We are cutting down on our national defence expenditure, so I wonder why this increase in national defence housing?

Mr. Fleming (Eglinton): It is all over the country. It is not in just one place; the program was stepped up.

Mr. Bourget: Surely if the minister is right in saying that the program has been enlarged he must know where it has been enlarged and where the construction is taking place.

Mr. Fleming (Eglinton): It is in all parts of Canada.

Mr. Garland: The minister gave me a sort of fast no on my question about Moosonee. I would not want him to conclude from my question, which perhaps was not too informative, that I was referring to the port project or anything of that kind. This was a proposed expenditure which the *Financial Post* reported would be made on behalf of the Department of National Defence. I wondered if the minister had had an opportunity to confer with his officials about this?

Mr. Fleming (Eglinton): There is nothing in this item for the construction of married quarters at Moosonee or arising out of the construction of married quarters at Moosonee.

Item agreed to.

ROYAL CANADIAN MOUNTED POLICE

Land and Air Services—

774. Operation and maintenance of divisions—further amount required, $494,000.

Mr. Regier: Mr. Chairman, I wonder if the minister is in a position to tell us how it is that the original estimates were out by this rather large amount. I note that travelling and removal expenses, especially, were miscalculated by $140,000. This is an item that one would expect would be fairly standard and very easily predicted ahead of time. The item for clothing was miscalculated by $100,000, and the item for repairs and upkeep of equipment, by $110,000. It would seem to indicate there has been a serious accident to one of the buildings or something of that nature. Is the minister in a position to offer any explanation of these three items, travelling and removal expenses, clothing and repairs and upkeep of equipment?

Mr. Fleming (Eglinton): These several items, as indeed the entire item, are attributable broadly to increased activities on the part of the Royal Canadian Mounted Police. The increase in travelling and removal expenses of $140,000 is the provision for expenses of members of the force on investigations and patrols throughout the country. There has been an increase this year in the number of investigations and that has automatically resulted in an increase in travelling expenses. There has been an increase in the strength of the force and that also has contributed to this result.

The item of $100,000 for clothing arises from the same reason. The third item, repairs and upkeep of equipment of $110,000, is distributed over all the equipment of the Royal Canadian Mounted Police and represents an increase for the supply of motor transport, inland and water transport, radio equipment and miscellaneous equipment.

Mr. Badanai: The minister just made a statement that there has been an increase in the force. Could the minister tell us the number of additional members in the force?

Mr. Fleming (Eglinton): The authorized establishment for 1958-59 was increased by 367. This does not mean that the increase resulted all at once because, as the hon. gentleman is aware, recruitment is carried on gradually.

Mr. Cardin: There was an increase of $3,197,000 in the main estimates for the Royal Canadian Mounted Police introduced earlier. There is an additional $494,000 in the supplementary estimates, making a total of over $3.5 million increase for the Royal Canadian Mounted Police. Has there been any substantial increase in the force that would correspond to this rather large increase?

Mr. Fleming (Eglinton): Yes, I just gave the figures.

Mr. Pearson: When the minister was on this side the things that used to arouse him most easily and bring his critical faculties to the fore most vigorously when he accused the government of waste and extravagance were items concerning informational material or what he called propaganda. We have already passed an increase under this item. The item for telephones, telegrams and other communication services was the other to arouse him. This is the third time this afternoon we have had an increase in regard

to telephones, telegrams and other communication services. This increase in the supplementary estimates is $30,000. Is not the minister, as chairman of the treasury board, worried about the increased cost of these governmental services, telephones and telegrams, which used to worry him so greatly in other times?

Mr. Fleming (Eglinton): This particular increase is attributable to the increased activities of the force.

Item agreed to.

DEPARTMENT OF SECRETARY OF STATE

Patent and Copyright Office—

776. Patent division—further amount required, $198,000.

Mr. Pickersgill: Before this carries, I should like to ask the minister if this division is completely self-sufficient now?

Mr. Fleming (Eglinton): In what respect does my hon. friend mean self-sufficient?

Mr. Pickersgill: The minister will probably recall that when I was Secretary of State I introduced legislation to increase the fees with a view to making the persons who received this service pay for it instead of the taxpayers. I wondered whether or not that result had been achieved.

Mr. Fleming (Eglinton): I cannot give my hon. friend a conclusive answer on that. I shall be glad to check on the balance and communicate with him.

Mr. Pickersgill: The companies item passed before I could get up, so would the minister do the same for the companies division?

Mr. Fleming (Eglinton): Yes.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

777. Departmental administration—further amount required, $76,600.

Mr. McIlraith: In the details on page 23 relating to this item there appears an item for salaries of $18,000. I should like to ask the minister if this is an increase for a particular salary or does it represent a shortage in the general item of salaries for the department?

Mr. Fleming (Eglinton): This item results from a fuller recruitment program and the addition of the position of associate deputy minister.

Mr. McIlraith: If this position of associate deputy minister is provided for out of this item, how much is the salary?

Mr. Fleming (Eglinton): The annual rate for that position is $16,500. This, of course, is for a portion of the year and the balance applies to the recruitment.

Mr. Pickersgill: Would you call it five o'clock, Mr. Chairman?

Mr. Chevrier: No, Mr. Chairman. Notwithstanding what my colleague has said, may I say that we are prepared to carry on with these supplementary estimates.

Mr. Fleming (Eglinton): May I thank my hon. friend for that suggestion, and may I say this to the committee: We have about 15 items left, and I think they are not difficult ones. They are not the sort that are likely to detain the committee long. May I point out to the committee that we have to take account of the fact that the appropriation bill has to be passed before the recess next Wednesday. Then, we have the other place to consider. Unless we are able to get this bill passed here and over to the other place to be dealt with next week, it does not look as though it would be possible to have the appropriation bill passed before the recess, and therefore very grave difficulties will result as I am sure all hon. members are aware. I would add to the remarks of the hon. member for Laurier, for which I thank him, a request to the committee that we carry on and see whether we cannot complete these remaining items today.

Some hon. Members: Agreed.

The Deputy Chairman: The committee cannot carry on itself. However, if it is agreeable, I shall report progress and ask leave to sit again later this day.

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): Thank you.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Speaker: I understand that the house is prepared to give unanimous consent to reverting to the business with which it was dealing in committee at five o'clock.

Some hon. Members: Agreed.

Mr. Speaker: By unanimous consent the house will revert to committee of supply.

SUPPLY

The house in committee of supply, Mr. Rea in the chair.

DEPARTMENT OF TRANSPORT

Marine services—

780. Ship channel service—St. Lawrence and Saguenay rivers—Administration, operation and maintenance—further amount required, $259,574.

Mr. Chevrier: I should like to make an inquiry here. I am sorry the Minister of Transport is not in his seat. I presume he is unavoidably absent. I think he should be here during the consideration of these estimates. After all, when I look at the list of them, I find that they are practically one-fifth of the estimates of the whole department. I consider that as being something fairly substantial. The question that comes to my mind is this. Does the government intend to open the St. Lawrence ship channel from Quebec to Montreal during the winter season?

Mr. Fleming (Eglinton): That is a matter for the future. I am afraid I cannot give my hon. friend that information. However, I shall be glad to communicate his question to the Minister of Transport when he returns to Ottawa and the reply will be communicated to my hon. friend.

Mr. Chevrier: I have a few remarks to make on this matter. I had hoped to make them when the Minister of Transport was in his seat because I consider them to be of fairly serious import.

Mr. Fleming (Eglinton): Do they arise on this particular item?

Mr. Chevrier: Yes.

Mr. Fleming (Eglinton): After all, this is just a clean-up to March 31.

Mr. Chevrier: They arise out of consideration of the St. Lawrence ship channel which is a channel 35 feet in depth extending from Montreal to 30 miles below Quebec and which I know very well. I make these remarks now because there will be no other opportunity to make them until the general estimates are up for consideration or until the matters concerning the Department of Transport are up for discussion. I have reference to the situation which obtained when all of these foreign ships, because of the freeze-up, were caught in the Lachine canal and then were taken down the St. Lawrence ship channel. While the officers who were responsible for operating the icebreakers deserve commendation—and I am thinking now of the captain of the *D'Iberville*, the captain of the *Ernest Lapointe* and the captain of a third vessel, which vessels were responsible for keeping open the ship channel —I think that Canada received quite a black eye from the manner in which this operation was performed. I would be the last one to lay any blame on former officers of a department over which I presided for some nine years. I do not intend to do that. What I intend to say here is this. While those who operated the icebreakers deserve a great deal of commendation, there was on this occasion a tremendous lack of coordination as between the various divisions of the Department of Transport. I have reference to the St. Lawrence ship channel service, the canal services and other divisions of the Department of Transport and the national harbours board. My purpose in saying this is that because of the long time it took to get these ships through the St. Lawrence ship channel—the item that is under discussion now—Canada has received much bad publicity. It has received this black eye in foreign countries that will be operating ships into the St. Lawrence and the great lakes through the St. Lawrence seaway which will be open to navigation soon.

The question uppermost in the minds of those people is this. Why is it that this incident had to happen and what assurance have we that in the future it will not happen again? I have a suggestion to make. It is not a new one. It has been made before but I think it should be given careful consideration. The first suggestion I make is that the St. Lawrence ship channel which we are discussing now should be widened. Engineers who have had it under their responsibility for years have been recommending to the government and to the Department of Transport the widening of this channel. That is the first suggestion that I am prompted to make under this item.

The next suggestion that comes to my mind is that there should be additional icebreakers in order to protect from flooding the areas surrounding metropolitan Montreal. When the water in the Montreal harbour reaches elevation 40, that is the elevation at which flooding in the Montreal area begins to cause a great deal of anxiety. This danger occurs only during the period when the discharge capacity of the river has been reduced by reason of the peculiar ice and temperature conditions which obtain in that area from December to April of each year. The experience in the Department of Transport has been that the earlier icebreakers get to work, the better it is for prevention of these flooding conditions.

There are studies which have been made in the department. There is a study which was made in 1947 by a board of engineers which was established for the purpose of considering power and navigation development in the Lachine section, and also studies were made as to ice conditions in the Montreal harbour and in the St. Lawrence ship channel. A study of those conditions was made to ascertain whether or not in the operation of the ship channel, which as the house knows is a separate division of the Department of

Transport, it could be possible to avoid once and for all the flooding, these inundations, which take place on both sides of the river because of the frazil ice in the whole of the Laprairie basin.

As the committee knows, where the Mercier bridge crosses the St. Lawrence river there is a very narrow neck of the river, and because of the tremendous amount of water which comes down during the non-navigation period there is created a condition which is tantamount to an ice-making plant. This ice has the capacity and the strength to pile up and cause tremendous damage. So that it is important that the ship channel which we are discussing now is kept open during the non-navigation season. The officials of the Department of Transport have done their best over the years to make recommendations in accordance therewith to the department, and over that period of years the department has seen to it that more and stronger ice-breakers were constructed in order to avoid this serious and dangerous situation.

So that with respect to this item, the two suggestions which I would like to make are: One, the widening of the ship channel to a minimum width of 800 feet and, second, the addition of more icebreakers to operate in the channel so that the ship channel would be kept open not only from Quebec to Sorel but all the way up from Sorel to Montreal.

Mr. Bell (Saint John-Albert): Mr. Chairman, may I ask the hon. member whether he thinks we should use icebreakers to keep the St. Lawrence open for navigation to the detriment of the winter business of ports such as Saint John?

Mr. Chevrier: I expected that question, Mr. Chairman, and I am glad the hon. member asked it. If the hon. member had listened to what I said, he would have seen I was dealing exclusively with the question of inundation and flooding. I did not discuss the other. But since my hon. friend wants to know what I would say with reference to the second part of his question, I would add this, that because of the opening of the St. Lawrence seaway it has been estimated that the traffic will be trebled in that area. That being so, I have no doubt that the port councils and authorities of the ports of Saint John and Halifax, which associations and groups are alert, will want to make sure a substantial portion of this traffic accrues to them.

Item agreed to.

Railway and Steamship Services—

781. Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1958—further amounts required—Prince Edward Island car ferry and terminals, $24,689.

Mr. Chevrier: Mr. Chairman, I would like to know what plans the government has in mind, since we are now discussing the Prince Edward Island car ferry and terminal, to build a causeway between the mainland and Prince Edward Island. The minister will remember that is a matter of extreme concern to the house. It was a matter which was discussed on more than one occasion, and was, I believe, recommended to the royal commission on economic prospects. I would like to know whether the government has any plans in this respect and when these will be made known?

Mr. Fleming (Eglinton): Mr. Chairman, the subject is under study. As I think my hon. friend is aware, engineers have been retained to make a study.

Mr. Chevrier: Then still dealing with the item, notwithstanding the study which is being made, I would like to know whether or not the hon. minister is aware that the services which now operate between Prince Edward Island and the mainland are quite inadequate? My question is, what provision pending this study of the causeway is being made by the government for an additional service between Prince Edward Island and the mainland, because the present car ferry services are certainly not adequate?

Mr. Fleming (Eglinton): This item provides for the deficit in the operation of the present Prince Edward Island car ferry service. The operating revenues have increased, but the operating expenses have increased substantially more than the revenues.

Mr. Chevrier: Does the government intend to build another ferry pending the consideration which will be given to the causeway? As my hon. friend knows, the study of the causeway and even a recommendation favourable to a causeway would take a matter of quite some time. I am not able to say, but it would certainly take a matter of years. What is going to happen to the service in the meantime? Is consideration being given therefore to the construction of an additional ferry?

Mr. Fleming (Eglinton): Mr. Chairman, no step has been taken with reference to any possible increase in the service, pending the report of the engineers on this present survey. The government will be guided by the reports which are received at this preliminary stage of the engineering study.

Mr. Chevrier: I do not want to delay this, but here the two questions are entirely separate and apart. One is the construction of a causeway from the mainland to Prince Edward Island; meanwhile the present ferry services are not adequate, and it may be that the causeway will not be built for several years if at all. What is being done by the government in the meantime? Is provision being made for the construction of an additional ferry?

Mr. Fleming (Eglinton): We hope to have guidance in approaching that problem from the preliminary reports of the engineers who are studying the causeway proposal.

Item agreed to.

Strait of Canso—

783. Transportation improvements and facilities—further amount required, $54,500.

Mr. Chevrier: Mr. Chairman, would the hon. minister explain what this item is for? It is a large item, $54,500 for transportation improvements and facilities. The Canso causeway has been completed now for quite a number of years, and it occurs to me that perhaps we might have an explanation.

Mr. Fleming (Eglinton): This item is required to clear up some outstanding claims for compensation arising out of the construction of the causeway. As the hon. member indicated, it was completed. Actually, on April 1, 1957 it was deemed to be completed, but there have been some outstanding claims which required to be settled, and this item provides for them.

Mr. Bourget: There is an item for auto ferry vessel for service between Pelee island and the mainland, Ontario. Could the minister tell us where this auto ferry vessel was built, and if tenders were asked for the building of that ferry?

Mr. Fleming (Eglinton): Is my hon. friend on No. 784, Mr. Chairman?

The Deputy Chairman: No. 783.

Mr. Bourget: The details are on page 24, and it is the fourth item, "Auto ferry vessel for service between Pelee island and the mainland, Ontario".

Mr. Fleming (Eglinton): That pertains to the next item, Mr. Chairman.

Item agreed to.

784. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—further amount required, $1.

Mr. Bourget: Can I now have an answer to my question, since we are on item 784?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): All of these transport services are called by tender.

Mr. Chevrier: The minister says this has been done by tender. Has this ship not been built by the government for the purpose of operating between Pelee island and the mainland?

Mr. Fleming (Eglinton): The contract for the construction of this auto ferry vessel is under negotiation at the present time with the Erieau Shipbuilding and Drydock Company Limited of Erieau. The lowest price quoted was $448,000. The ship will be a twin screw vessel designed to carry 300 passengers and 14 automobiles.

Mr. Chevrier: I take it that a contract has been awarded to this company.

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Chevrier: And I understand, further, that this ship will be turned over to private enterprise for operation between the mainland and Pelee island.

Mr. Fleming (Eglinton): Yes, there will be a call for tenders for rendering that service.

Mr. Chevrier: Yes. I want to take that a step further, because following the call for tenders the government will enter into a contract either through the Department of Transport or through the maritime commission for the operation of this service. Does the minister think that this is an appropriate policy to follow? Here is a government-owned ship. Why does the government not operate the ship rather than turn it over to private enterprise for operation, after having built it?

Mr. Fleming (Eglinton): This is the way the operation was carried on previously. The ship had been operated before under just such an arrangement in the hon. gentleman's time when he was minister of transport. That ship proved unseaworthy and it is being replaced by the ship I have mentioned. The arrangement as to the operation which obtained hitherto was felt to be the best in the circumstances, and it is proposed to continue in the same way.

Mr. Chevrier: Indeed it was, and I thank the minister for his answer. The point I wanted to make was that when we were in office we were criticized from this side of the house for following this arrangement. That is why I had hoped to see the Minister of Transport here, because while he was not, as far as I remember, among those who criticized this policy and this former contract, there were certainly a number of members who did so most bitterly from this side of the house, and I am glad to see that now the hon. gentlemen

opposite having the responsibility of office they follow exactly the same policy as was laid down in former days.

Mr. Martin (Essex East): I hope the Minister of Finance will use his good offices to see that there is no delay in this matter, because this ship will serve to link the mainland of Essex county with Pelee island, the most southerly point of Canada and possibly, as the hon. member for Essex West may agree, the most favoured spot in the whole country.

Mr. Fleming (Eglinton): If this ship will take the hon. gentleman for a ride I will do my best to expedite its construction.

Newfoundland coastal services—

785. Construction or acquisition of passenger-cargo vessels and equipment—further amount required including authority for expenditures on harbour facilities, $1.

Mr. Cardin: This item concerns the construction or acquisition of passenger cargo vessels and equipment. Has a contract been awarded for the construction of such a vessel or vessels, and will the ships when completed belong to the Department of Transport?

Mr. Fleming (Eglinton): As the hon. member is aware the Newfoundland coastal services are operated on behalf of the government by Canadian National Railways. This present item of $1 is designed to authorize the expenditure from this vote of moneys for the purpose of the construction of a wharf and freight shed at Corner Brook and a wharf extension and freight shed at Lewisporte, both in Newfoundland.

Mr. Cardin: So there is no question of the construction of a ship?

Mr. Fleming (Eglinton): Not in this additional authority.

Mr. Cardin: Why, then, does the minister use such words in this item as "the construction or acquisition of passenger cargo vessels"? Why not simply say that this is for the construction of a wharf and sheds, if that is all the department is doing?

Mr. Fleming (Eglinton): This is the standard wording.

Mr. Cardin: It is confusing, though.

Mr. Martin (Essex East): The Minister of Finance is a little confused today.

Item agreed to.

786. Yarmouth, Nova Scotia-Bar Harbour, Maine, U.S.A., ferry service—deficit 1958—further amount required, $38,346.

Mr. Chevrier: I see this is in respect of a deficit on the operation of the Yarmouth-Bar Harbour ferry. Would the minister care to tell the committee how the profit and loss position of this ferry operation is working out? I remember that when it was announced in the house under the previous administration a statement was given, either by myself or by my successor, as to what the financial position was likely to be, having in mind the traffic which was expected at the time, and my recollection is that a small profit was expected or, perhaps, it was a small loss. I do not think that this is too much out of line, but I wonder if the minister could clear this up.

Mr. Fleming (Eglinton): The operation is showing an improvement financially. The net deficit in 1956 was $304,000. In the year 1957—perhaps I could give round figures—it was $278,000, and in 1958, $203,000. There has been a steady improvement, but the result this year is not quite as good as had been expected when the first estimate was made.

Mr. Chevrier: What is the anticipated over-all deficit for this year 1959? This item, as I understand it, is, in part, for 1959.

Mr. Fleming (Eglinton): No, this is 1958.

Mr. Chevrier: Does it not run up to March 31, 1959?

Mr. Fleming (Eglinton): In this particular case the deficit is calculated by the calendar year. The operation of the service is carried out on a calendar year basis.

Item agreed to.

787. Payment to Canadian National (West Indies) Steamships, Limited (hereinafter called the company) upon applications approved by the minister of transport, made by the company to the minister of finance, in the amount of the deficit, certified by the auditors of the company, in the operations of the company in the calendar year 1958—further amount required, $361,954.

Mr. Chevrier: This item concerns the vessels of the Canadian National Steamships and I think the minister should give us a report on the position of these vessels. There were eight such ships. They were rendered idle by a strike almost two years ago and then, as the minister knows, the flag was transferred with the approval of the government to one of the countries of the West Indian Federation. Then the ships were retransferred to Canada in order to facilitate their operation by crews from the federation. I understand that did not take place. Still later these ships were sold to a company operating under a flag other than that of Canada.

We are now being asked to vote $361,954. I would like to know first of all what this amount is for because the ships have not been operated for two years. I would also

like to know what happened to the ships because although they have been sold they are still in Halifax with the exception of one which I am told is in Baltimore. Third, I am interested in knowing what has been the result of these two transfers, the transfer to the federation and the retransfer back to Canada. What has this transfer of flag accomplished? It seems to me if we are being asked to vote this large sum of money we should receive answers to those questions.

Mr. Fleming (Eglinton): Mr. Chairman, this item is designed to pay the expenses that were incurred during the past year. It is within the knowledge of all hon. members that the ships were not operated and there was consequently no operating revenue. There were expenses, however, of a rather substantial nature. They resulted in a net operating loss, representing expenses incurred of $1,114,726, to which must be added interest on government loans of $37,228, arriving at a net deficit of $1,151,954. Of that sum $790,000 had been provided in the main and supplementary estimates and consequently this further supplementary estimate of $361,954 is required to complete the payment of the expenses for the year 1958.

Mr. Chevrier: What I fail to understand is this. If the ships have not been operating for two years how can there be this deficit? I can understand how there would be a deficit for the first year that the ships were not in operation but they have not been in operation for a period of over 20 months, almost two years. I fail to understand why there should be this deficitory position.

Mr. Fleming (Eglinton): There were layup expenses and wages of the officers of the ship who were aboard. I can give my hon. friend a breakdown. The actual layup expenses aggregate $750,534. I can give the expenses in detail if the hon. gentleman wishes. Details of expenses are as follows:

Wages of Officers Standing By	$ 253,778
Fuel	80,051
Provisions	19,853
Supplies	46,986
Insurance	97,723
Port and Shore Salaries and Expenses	239,252
Sundry Expenses	12,981
TOTAL	$ 750,534
Depreciation on vessels	$ 174,187
Management and office expenses	147,571
Pensions	39,237
All other expenses	3,197
TOTAL	$1,114,726

Mr. Chevrier: Could I have answers to my other two questions?

Mr. Fleming (Eglinton): With respect to the second point I have no information as to the physical whereabouts of the vessels. My hon. friend has indicated that the information he has is correct. I have no further or other information on that point.

On the third point, I have no further information as to subsequent transactions following the sale by the Canadian National Steamships.

Mr. Chevrier: Could I ask the minister how many men were involved in this transaction? In other words how many men were employed on these ships? How many officers were employed? What arrangements were made to find employment for both the officers and the men?

Mr. Fleming (Eglinton): Mr. Chairman, I have not got the precise number of officers that were engaged. I understand that all the officers of the ships carried on. Whether any men in addition to the officers were included, I do not know. If my hon. friend wishes that information I shall be glad to obtain it for him from Canadian National Steamships.

The other question raised by the hon. member was as to what provision is being made for these officers. They are being absorbed into the Department of Transport as openings occur.

Mr. Chevrier: The minister says that the officers were carried on but that is a mistatement of fact. I have correspondence from a number of officers who have not been carried on and who have been complaining very bitterly.

Mr. Fleming (Eglinton): Are we speaking of different periods? I was speaking of the period of the layup. I thought my hon. friend was asking about the number of persons carried on the payroll in the period of layup. I gave a figure for wages to officers standing by of $253,778. I thought that was the period to which my hon. friend was directing his question but apparently I misunderstood him.

Mr. Chevrier: I was directing my attention to this. How many officers and men were employed on the Canadian National Steamships—

Mr. Fleming (Eglinton): At what period?

Mr. Chevrier: Now. They have lost their jobs. I thought this item referred to March 31, 1959 but the minister tells me it relates to the calendar year 1958. What has happened to the officers and men during the whole of 1958 when the ships were sold? It is a fact that these crews were laid off and so were the officers. What has been done by the Canadian National Steamships or the Department of Transport to find employment for both the officers and the crew?

Mr. Fleming (Eglinton): The officers were carried on up until the date of the sale by Canadian National Steamships and the appropriation for their salary is the figure I gave. Now, when the ships were sold—

Mr. Chevrier: Which was about a year ago.

Mr. Fleming (Eglinton): Approximately. I think it was less than a year ago. From the time of that sale, as I have indicated, the Department of Transport has been absorbing the officers as vacancies and openings have occurred in the service of the department.

Mr. Chevrier: What about the crews which numbered 2,000 to 3,000 men?

Mr. Fleming (Eglinton): Does the hon. member mean the striking crew?

Mr. Chevrier: Mr. Chairman, I mean the men who manned these seven or eight ships. What happened to them?

Mr. Fleming (Eglinton): Does my hon. friend refer to the crews who were on strike?

Mr. Chevrier: Yes, Mr. Chairman.

Mr. Fleming (Eglinton): I have no informaas to how they are engaged at present.

Mr. Spencer: I think they are probably still on strike.

Mr. Chevrier: My hon. friend does not seem to be too interested in their welfare judging from that remark.

Mr. Spencer: Why do you say that?

Mr. Chevrier: Here are men who have been without work for over two years because of the policy of the government. The government, instead of maintaining those ships in accordance with the recommendation made by the Canadian National Steamships several years ago, over a five-year period, refused to accept that recommendation and instead transferred the flag to a Panamanian country. That is what has caused all the difficulty. Several thousand men are out of work, plus the officers. I am sorry to have to challenge the answer which the minister gave me because I submit to him with deference that it is not correct. I have in my office many letters from officers of those ships who state that they have had their employment severed with the Canadian National Steamships and they have found no work in the Department of Transport.

Mr. Fleming (Eglinton): I did not say they had all been absorbed by the Department of Transport. I said they were being absorbed by the department as vacancies occur. That is the policy of the department.

Mr. Chevrier: That is the policy of the department but it has not worked out. That is the point I am trying to make. Notwithstanding the fact the minister says they are being absorbed, I would like to know how many are being absorbed. First of all, I should like to know how many officers there were, how many have been absorbed and how many are left without employment at the moment?

Mr. Fleming (Eglinton): I recall a statement being made in this house by my colleague the Minister of Transport to the effect that eventually all of those officers would be absorbed by the Department of Transport. It is a matter of their being absorbed as vacancies in the department arise.

Mr. Chevrier: I recall that statement very well also and I have had to write your colleague, the Minister of Transport, to point out a number of cases such as I referred to earlier where there has been no absorption and where it has not been possible to find vacancies. After all, where are the vacancies going to be, if not on the ships of the Department of Transport, and there are not seven or eight ships in the Department of Transport which will require all of these officers. I am not going to insist on it now but I think we should be entitled to a statement from the Minister of Finance as to the number of officers, mates and the like, on the Canadian National Steamships who have been absorbed in the Department of Transport. I think the minister will find that there are not nearly as many as he thinks and not nearly as many as the Minister of Transport expected at the time.

Mr. Fleming (Eglinton): We shall be glad to obtain that information. I think I can recall to my hon. friend that there are more ships of the Department of Transport coming into commission this year and it may be that the situation in this respect will improve considerably, perhaps sooner than he thinks.

Mr. Chevrier: While I am on this subject I want to make another reference to the Canadian National Steamships. By the decision which the government made it has reduced substantially, or reduced almost to nil, the deepsea fleet of Canada. I remember what was said by the Minister of Public Works when he was on this side of the house and what he said after the 1957 election out in his constituency. He made no bones about the fact that the position of the present government certainly would not be the same as that of the former government. I want to register here a complaint only about the fact that the deap-sea ships of Canada have gone down instead of up, and the merchant fleet of our country has been decreasing notwithstanding the fact that a minister of

the crown said that that would not be so, and notwithstanding the fact that the Minister of Public Works, when he sat on this side of the house, singled me out on more than one occasion and attacked me personally on more than one occasion because of the fact that the government of the day was not doing a thing to see to it that Canada, a country of our importance, was not subsidizing deep-sea ships.

Item agreed to.

788. Canadian National Railways deficit, 1958—Amount required to provide for payment to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made by the national company to the Minister of Finance, and to be applied by the national company in payment of the system deficit (certified by the auditors of the national company) arising in the calendar year 1958, subject to recovery therefrom of accountable advances made to the national company from the consolidated revenue fund, $51,591,424.

Mr. Brassard (Lapointe): I would like to say a few words on this item. I would prefer, of course, that the Minister of Transport was in his place, but he must have a good reason to be absent. In the name of many public bodies in my riding and of the whole Saguenay-lake St. John region I have tried to obtain from the Canadian National Railways management the operating figures for the last two or three years between Montreal and Chicoutimi and between Quebec and Chicoutimi. I have had correspondence myself with a couple of senior officials of the Canadian National Railways and finally, I was told—I have a letter on my desk dated March 19—that this information cannot be given out to the public because they are afraid it would help their competitors. The Canadian National Railways has no competitors in the region. The Canadian National Railways give us a good service but they have no competitors. The reason the people are asking for these figures is that they feel we should have urgent repairs made to the line from Montreal to Chicoutimi and from Quebec to Chicoutimi. These repairs are urgently needed.

I should like to speak a little longer on this item but I shall wait until the estimates of the Department of Transport are before the committee to make a clearer explanation to the minister.

Mr. Chevrier: Mr. Chairman, this is a pretty big item. I know that on a supplementary item the minister cannot be expected to go into all the details. However, it is a pretty substantial deficit and while it has been discussed in general I wonder whether the minister would be good enough to point out the highlights of the amount.

[Mr. Chevrier.]

Mr. Fleming (Eglinton): Yes, glady, Mr. Chairman. I think the committee will be pleased to know that the operating picture presented by the Canadian National Railways for the year 1958 is slightly better than was expected a year earlier, and while the deficit is quite substantial, namely $51,591,424, it is, I am glad to say, nevertheless actually less than was anticipated some months ago.

The statement follows the usual form and I recall to the attention of members of the committee that the Canadian National Railways, with their senior officers, will be appearing, quite soon after the Easter recess, before the special committee annually appointed by the house to review the report and operations of the system and there will be opportunity then for hon. members to ask questions and obtain information in detail.

Mr. Chevrier: Mr. Chairman, I am sure the house will be happy to learn that the financial position of the railway is better than was anticipated prior to the end of the year; but that leads me to a number of other questions on this item which is substantial and of great importance. The railway policy of the government as effected by its agency the Canadian National Railways and the Minister of Finance, being responsible for these moneys and being responsible for this vote whether it be in the statute that comes before the house each year, will be in even a better position to answer than the Minister of Transport himself. The question I ask is this: What additional lines are anticipated during the year 1959 through the instrumentality of the Canadian National Railways?

There have been a number of lines which have been of special interest to all members on this side of the house. I cannot speak for all of them. They have already mentioned their interest in them, but I do know that representations were made when we were in office and since the new administration has been in office, for the construction of a line from my hon. friend's area, the member for Lapointe from lake St. John and/or Murray bay, down along the north shore of the St. Lawrence to Seven Islands. I have mentioned the hon. member for Lapointe. There have been representations made to the government for the construction of a line in the Gaspe peninsula.

I am sure that when these representations are made the Minister of Finance is always on the delegation to consider them, and is in a position to tell us, perhaps more effectively than other ministers might, of the policy of the government with reference to these. I hope the minister will not simply rise and say that the policy will be announced in due course. I would not expect an answer like

that under these circumstances because I know that these lines were under active consideration when we were in office, and I hope that they are still under active consideration. I would appreciate it if, under this vote which is for $51 million, the minister would go beyond the ordinary answer of government policy being announced in due course, and make a statement which I am sure the whole house would appreciate.

Mr. Fleming (Eglinton): I regret that I am not in a position to make a comment on policy in reference to particular lines that are proposed to be constructed. There will be an opportunity for that, as that is the sort of subject that is always discussed in the special committee later in the session.

Mr. Benidickson: Unfortunately I have not, in the last few years, been privileged to be a member of the committee to which the representatives of the Canadian National attend. The Minister of Finance will recall that on January 21 I raised the question of the revision of the Canadian National pension schedule. It seemed obvious that the matter I raised there, which did involve discussions between management and the unions, was not of such consequence that the Minister of Transport was informed about it. He replied on January 22. However, I would imagine that if a revision of the pension scheme of sufficient consequence to involve the expenditure of money were contemplated, it would come to the notice of the Minister of Finance.

He of course remembers the great interest that was always taken by the Prime Minister in this particular matter. He always asserted that the Canadian National management was prepared to revise the schedule, but that the then minister of finance was standing in the way. I wonder whether at the present time the Minister of Finance is close to any representations from the management or from the employees, advocating a revision, particularly in the minimum pension, as has been discussed on many occasions in the past by the present Prime Minister?

Mr. Fleming (Eglinton): I take it my hon. friend is referring to the pension scheme now in effect for the employees who are actually engaged in the service of the company, and not the question of the pensions of employees who were retired some years ago. I can say to my hon. friend, if that is the purport of his question, no representations concerning the present pension provisions have come to my attention affecting employees presently engaged in the operations of the company.

Mr. Benidickson: My understanding is that pension arrangements between the present employees and management would be arranged between themselves. My understanding is that it is as the minister has indicated, the group of retired pensioners who always had the great interest of the Prime Minister when he was sitting on this side of the house. I am rather surprised when the Minister of Finance says he has received no representations concerning this group. I thought perhaps the Prime Minister would have consulted him about them because revision could not take place in connection with this group, as I recall it, even if the directorate of the Canadian National was prepared to accept the recommendations, without reference to the government who would have to deal with it by order in council.

Mr. Fleming (Eglinton): I think my hon. friend has not interpreted my answer correctly. I said that I was referring to pensions in effect now for employees engaged in the service of the company. I have had no representations in regard to that group. The other group is in an entirely different category, namely, those employees who have been retired some years ago under the previous pension provision.

Item agreed to.

789. Reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $32,738.

Mr. Chevrier: May I ask whether this is being done in accordance with a statute? Is there a statute covering the replacement of these stores?

Mr. Fleming (Eglinton): Yes, this is done in accordance with regulations made under authority of section 60, subsection (2), of the Financial Administration Act.

Item agreed to.

790. Expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them in connection with the inquiry—further amount required, $2,710.

Mr. Chevrier: Can the minister say whether the recommendations of the royal commission on coastal trading, which is covered here, are still under consideration, and what the government is going to do about them?

Mr. Fleming (Eglinton): They are still under consideration.

Item agreed to.

Telecommunications division—

791. Radio aids to air and marine navigation—administration, operation and maintenance—further amount required, $305,000.

Mr. Herridge: This is a very large supplementary item, $305,000. Could the minister inform the house, generally, where these additional aids to air and marine navigation are installed?

Mr. Fleming (Eglinton): While this is a large sum, Mr. Chairman, it is small when compared with the total item involved. The amount in this item is to provide payment for services supplied by Computing Devices of Canada Limited in the operation and maintenance by the company of four Decca navigation systems of the company at Quebec, Halifax, Clarenville, Newfoundland, and Corner Brook, as radio aids to marine navigation from October 1, 1958 to the end of this month.

Item agreed to.

796. Reimbursement of the northwest communication system stores account for the value of stores losses incurred in the disposal of surplus equipment, $5,900.

Mr. Chevrier: May I ask here under what authority are these stores being destroyed? Is there a statute in this case?

Mr. Fleming (Eglinton): This is done in pursuance of the Financial Administration Act. It is a matter of accounting within the consolidated revenue fund.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

Soldier Settlement and Veterans Land Act—

808. Purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; and for protection of security under the Veterans Land Act—further amount required, $1,209,000.

Mr. Herridge: Can the minister inform the house just what that money is going to be applied to?

Mr. Fleming (Eglinton): It is simply to provide an additional amount for the purposes for which the main estimate was voted. It is to provide for an additional number of veterans who are taking advantage of the provisions of the act.

Mr. Herridge: I am glad to hear that.

Item agreed to.

Resolutions adopted in committee of supply this day reported and concurred in.

[Mr. Fleming (Eglinton).]

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

Hon. Donald M. Fleming (Minister of Finance) moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service of the fiscal year ending March 31, 1959, the sum of $284,942,864 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill C-36, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the said bill be read a second time?

Some hon. Members: Now.

Mr. Speaker: By leave, now.

Mr. Benidickson: May I ask the Minister of Finance this question? If we had second reading of the bill at this stage, could he assure the house that it would be dealt with in the other place today?

Mr. Green: May I explain that situation, Mr. Speaker? The other place is standing by. They will require an hour to consider the bill. In addition, the Chief Justice is standing by. If we could get this bill through within a few moments, I would suggest that the house adjourn until seven o'clock in order to give the other house an opportunity to consider the bill. Out of consideration for the members of the house I think it would be wise if we could follow this procedure.

Mr. Chevrier: We have been extremely cooperative so far.

Mr. Green: Oh, yes.

Mr. Chevrier: The hon. member for Bonavista-Twillingate had a half-hour speech to make on this bill but in view of what the hon. member said, perhaps we could carry on with it.

Mr. Green: We are doubly grateful.

Mr. Speaker: Has the Minister of Finance unanimous consent to move the second reading of the bill?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the second reading of the bill.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

On clause 1.

Mr. Herridge: Will the minister assure the house that the language in this bill is that in the usual appropriation bill?

Mr. Fleming (Eglinton): Yes. The bill follows the usual form of the appropriation acts. There are four clauses to the bill and then follow as a schedule all of the items which have been passed in the committee.

Clause agreed to.

Clauses 2, 3 and 4 inclusive agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Fleming (Eglinton): Mr. Speaker, if you will permit me to do so, I should like to thank all members of the house for their co-operation which has enabled us to complete the passing of this bill now.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the Leader of the house what the business will be for Monday and Tuesday. I hope he can tell us what it will be for Wednesday as well because the house adjourns on Wednesday.

Mr. Green: Monday will be a private members' day. On Tuesday we intend to commence with the resolution concerning parliamentary secretaries, which is No. 7 on today's order paper; then the resolution which is No. 8 on today's order paper, that concerning freight rates; then second reading of the bill to amend the Canada Shipping Act, which is item No. 3 on today's order paper; then the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act, which is item No. 9 on today's order paper.

Mr. Chevrier: Will we go on with that business on Wednesday if it is uncompleted on Tuesday?

Mr. Green: With the resolutions carried there would, of course, be second readings of the bills. We would therefore go on with those on Wednesday.

Mr. McCleave: I have a supplementary question. Can the house leader inform us what will be the business at seven o'clock?

Royal Assent

Mr. Green: I had suggested that the house should recess until seven o'clock tonight. It is necessary for us to have a quorum here for royal assent.

Mr. Speaker: By unanimous consent shall this sitting be suspended, to convene again this day at the call of the chair?

Some hon. Members: Agreed.

Mr. Speaker: The bell will indicate the call of the chair.

At 6.10 p.m. the sitting was suspended.

SITTING RESUMED

The house resumed at 7.12 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, March 20, 1959.

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Friday, the 20th March, at 7.15 p.m., for the purpose of giving the royal assent to certain bills.

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

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Lise Nolet Lunghi.
An act for the relief of Margaret Stewart Cairns Bamber.
An act for the relief of Gertrude Czerny Thomschitz, otherwise known as Gertrude Czerny Thomas.
An act for the relief of Miriam Hirsh Leff.
An act for the relief of Phyllida Fairbairn Smith Draper.
An act for the relief of Janos Sztecsinics, otherwise known as Jean Sztecsinics.
An act for the relief of Margaret Craig Murdoch.
An act for the relief of Nita Stella Pollock Adams.
An act for the relief of Enis (Ines) Vit Desnoyers.

Royal Assent

An act for the relief of Helen Elizabeth MacDonald Downey.

An act for the relief of Silvia Frederike Diethilde Beate Angela Buchsel Fatter.

An act for the relief of Marie Cordelia Marie-Ange Pigeon Gaboriau dit Lapalme.

An act for the relief of Jeannine Genevieve Jagelavicus Kusleika.

An act for the relief of Viola Bleier Josephovits.

An act for the relief of James John Thomson Keay.

An act for the relief of Constandina Alimanisteanu Butas.

An act for the relief of Viola Gertrude Elizabeth Boyd Theroux.

An act for the relief of Sydney Arthur Powell.

An act for the relief of Geraldine Joy Conway Cook.

An act for the relief of Joan Natalie Miller Martin.

An act for the relief of Jeanne d'Arc Gravel Senecal.

An act for the relief of Barbara Mary Scott Norman.

An act for the relief of Alice Schleicher Dorotich.

An act for the relief of Mary Jane Holmes Phillips.

An act for the relief of Barbara Lorrain Campbell Clarke.

An act for the relief of Helen Margaret Davidson Beckett.

An act for the relief of Ruth Dankner Liberman.

An act for the relief of Norma Mary Rose Purchard Clarkin.

An act for the relief of Eva Greenblatt Besner.

An act for the relief of Ruth Millstein Backman.

An act for the relief of Percy Kark Claxton.

An act for the relief of Marion Beulah Francis Meehan.

An act for the relief of Nina Olga Titow Dorion.

An act for the relief of Sylvia Florence Van Straten Weber.

An act for the relief of Joseph Fernand Roger Boucher.

An act for the relief of Jacqueline Shirley Mary Parnell Gardner.

An act for the relief of Esther Daisy Moynan O'Regan.

An act for the relief of Susan Pick Bereznik.

An act for the relief of Josephine Zauberman Schiller.

An act for the relief of Hanna Liselotte Gertrud Tiegs Kallus.

An act for the relief of Dorothy Louisa Stradwick Coffin.

An act for the relief of Marc Aurele Bourget.

An act for the relief of Marie Yolanda Marotta Henshaw.

An act for the relief of Bernice Sylvia Sinclair Somerville.

An act for the relief of Judith Ortenberg Baxt King.

An act for the relief of Yaroslavna Zonia Lazarowich Johnson.

An act for the relief of Gertrude Scharge Izenberg.

An act for the relief of Joseph Moreau.

An act for the relief of Sydney Hislop, otherwise known as Sidney Hislop.

An act for the relief of Lenoir Grace Spencer Jennings.

An act for the relief of Olive Florence Andrews Bowness.

An act for the relief of Pearl Severs Schrieder.

An act for the relief of Vivien Joyce Taylor Ross.

An act for the relief of Jacqueline Jeanne Lamy Harper.

[Mr. Speaker.]

An act for the relief of Kathleen Iris Daunt Robinson.

An act for the relief of Jacques Flahault.

An act for the relief of Gladys Allen Marvin.

An act for the relief of Miriam Keppel Segal.

An act for the relief of Ronald Ernest Fyfe.

An act for the relief of Elsie Elizabeth Wand Bourret.

An act for the relief of Margaret Sonia Lawrence Canny.

An act for the relief of Andree Pauline Dorothy Pryce Clarke.

An act for the relief of Henry Frank Whiston.

An act for the relief of Rita Thibeaudeau Cardinal.

An act for the relief of Janine Sutto Dagenais.

An act for the relief of Evangeline Vaughan Fortin.

An act for the relief of Gloria Helen Gross Caplan.

An act for the relief of Thelma Georgine Ferguson Strathy.

An act for the relief of Percy Herbert Manuel.

An act for the relief of Irene Balk Goodson.

An act for the relief of Jean Grant Shacklock.

An act for the relief of James Kennedy Andrews.

An act for the relief of Lillian Haber Rudner.

An act for the relief of Esther Lillian Issenman Rosen.

An act for the relief of Ana Nili Indursky Seeman.

An act for the relief of Joan Howell McShane McNulty.

An act for the relief of Euphemia Caldwell Miller Armitt Esber, otherwise known as Effie Monas Esber.

An act for the relief of Goldie Yelin Freedman.

An act for the relief of Claire Segal Pottel.

An act for the relief of Klara Schillinger Aschner.

An act for the relief of Bernice Helena Peritz Loeb.

An act for the relief of Margaret Soll Rajeczky.

An act for the relief of Audrey Edna Watson Robert.

An act for the relief of Abbie Alice Mahon Reed.

An act for the relief of Alice Christine Leduc Patrick.

An act for the relief of Georgina Joan Saunders Smith.

An act for the relief of Bryan Mills Taylor.

An act for the relief of Dorothy Sarah Sheehan Burchmore.

An act for the relief of William Irvine Moore.

An act for the relief of Audrey Lynn MacGillivray.

An act for the relief of Sarah Goldfarb Nash.

An act for the relief of Witolda Poplawska Wojciechowski.

An act for the relief of Martha Waugh McClure.

An act for the relief of Leslie Ronald Cant.

An act for the relief of Cecile Desjardins Morin.

An act to incorporate The Waterloo Mutual Insurance Company.

An Act respecting The Canadian Medical Association.

An act respecting Gore District Mutual Fire Insurance Company.

An act respecting The North American Accident Insurance Company.

An act respecting Baloise Fire Insurance Company of Canada.

An act respecting The Boiler Inspection and Insurance Company of Canada.

An act to amend the National Housing Act, 1954.

An act to amend the St. Lawrence Seaway Authority Act.

An act to amend the Fisheries Improvement Loans Act.

An act to amend the National Defence Act.

An act to amend the Trans-Canada Highway Act.

An act to amend the Public Servants Inventions Act.

An act to amend the Northwest Territories Act.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

Royal Assent

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

It being forty minutes after seven o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NATIONAL FILM BOARD DISMISSALS

Question No. 239—**Mr. Rouleau:**

1. How many employees have been dismissed from the national film board since June 10, 1957? 1957?

2. Among those, how many are technicians, producers, heads of branches?

3. How many employees have been hired since June 10, 1957?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. Four.

2. Two junior technicians.

3. From June 10, 1957 to March 6, 1959, 112 persons have been regularly appointed in continuing positions; 39 have been engaged on a term basis and 42 on a contract basis.

ADMINISTRATIVE OFFICER, NATIONAL MUSEUM

Question No. 247—**Mr. Argue:**

What are the duties and responsibilities of the administrative officer of the national museum of Canada?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

Under direction, to have financial control responsibility for the human history and natural history branches of the national museum of Canada, through preparation of annual estimates, commitment control, encumbrances, financial aspects of project control audit and supervision of accounts procedures; to act as adviser to the directors on administrative matters and business management; to have general responsibility for and direct supervision of staff engaged in the administration of the two branches; to prepare correspondence, directives and reports; to advise professional staff on administrative matters and to perform other related duties as required.

[The following items were passed in committee of supply]:

DEPARTMENT OF LABOUR

A—Department—

Special services—

750. To provide for expenses of the special services branch including expenses for the promotion of a program for combatting seasonal unemployment, the organization and use of workers for farming and related industries and assistance to the provinces under agreements entered into with the provinces by the Minister of Labour with the approval of the governor in council, and the movement, reception, supervision and welfare of workers from outside Canada to work on farms and other essential employment where Canadian labour is not available to meet the need—further amount required, $100,000.

Vocational training co-ordination—

751. To provide for carrying out the purposes of the Vocational Training Co-ordination Act and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council to provide financial assistance to vocational schools, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—payments to the provinces—further amount required, $854,856.

B—Unemployment insurance commission—

752. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilites assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act—further amount required, $2,227,000.

LEGISLATION

The Senate—

753. General administration — further amount required, $39,500.

House of Commons—

754. Deputy Speaker of the House of Commons—Allowance in lieu of apartments—further amount required, $246.

755. General administration—Estimates of the clerk—further amount required, $95,000.

756. Special grant to the Canadian North Atlantic Treaty Organization parliamentary association for Canada's share of the cost of the Atlantic congress to be held in 1959 and the expenses of Canadian parliamentary delegates attending the congress, $20,000.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Surveys and mapping branch—

757. Topographical surveys—Construction or acquisition of equipment—further amount required, $20,500.

758. Canadian hydrographic service—Administration, operation and maintenance—further amount required, $477,492.

Geographical branch—

759. Geographical branch—Administration, operation and maintenance—further amount required, $20,699.

General—

760. Purchases of air photography and the expenses of the interdepartmental committee on air surveys, including purchases of equipment—further amount required, $2,300,000.

DEPARTMENT OF NATIONAL DEFENCE

Pensions and other benefits—

761. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations—further amount required, $404.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

A—Department—

National health branch—

762. Administration of the Opium and Narcotic Drugs Act—further amount required, $47,000.

Welfare branch—

763. Welfare branch administration—further amount required, $18,500.

764. Reduction in the amount owing by the old age security fund pursuant to section 11 of the Old Age Security Act in an amount equal to the amount of outstanding temporary loans made by the Minister of Finance to the fund before the 1st day of April, 1959, estimated at $184,000,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

National parks branch—

National parks and historic sites services—

765. Administration, operation and maintenance—urther amount required, $284,279.

Northern administration and lands branch—

Yukon Territory—

766. Operation and maintenance—further amount required, $278,452.

Forestry branch—

Forestry operations division—

767. Contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements that have been or may be entered into by Canada and the provinces—further amount required, $190,000.

PRIVY COUNCIL

Special—

768. Expenses pertaining to the visit to Canada in 1959 of Her Majesty The Queen and His Royal Highness The Prince Philip, Duke of Edinburgh, including authority, notwithstanding the Civil Service Act or any other act but subject to the approval of treasury board, to appoint and to pay persons to be engaged temporarily in connection therewith, $33,000.

PUBLIC PRINTING AND STATIONERY

769. Distribution of official documents—further amount required, $13,000.

770. Printing and binding official publications for sale and distribution to departments and the public—further amount required, $64,000.

771. Printing of Canada Gazette—further amount required, $46,042.

Supply—Items Passed

772. Reimbursement of the queen's printer's advance account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $14,573.

DEPARTMENT OF PUBLIC WORKS

Central Mortgage and Housing Corporation—

773. Expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, rental housing, schools and related services on behalf of the Department of National Defence—further amount required, $270,000.

ROYAL CANADIAN MOUNTED POLICE

Land and air services—

774. Operation and maintenance of divisions—further amount required, $494,000.

DEPARTMENT OF SECRETARY OF STATE

775. Companies division—further amount required, $4,400.

Patent and copyright office—

776. Patent division—further amount required, $198,000.

DEPARTMENT OF TRADE AND COMMERCE

General Administration—

777. Departmental administration—further amount required, $76,600.

Dominion Bureau of Statistics—

778. Statistics—further amount required, $62,935.

DEPARTMENT OF TRANSPORT

A—Department—

Marines Services—

779. Steamship inspection service, including the carrying out of the provisions of the conventions for the safety of life at sea and load lines, and contributions as detailed in the estimates—further amount required, $1.

780. Ship channel service—St. Lawrence and Saguenay Rivers—Administration, operation and maintenance—further amount required, $259,574.

Railway and steamship services—

Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport, made by the comany to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1958—further amounts required—

781. Prince Edward Island car ferry and terminals, $24,689.

782. Newfoundland ferry and terminals, $2,133,651.

Railway and steamship services—

Strait of Canso—

783. Transportation improvements and facilities—further amount required, $54,500.

784. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—further amount required, $1.

Newfoundland coastal services—

785. Construction or acquisition of passenger-cargo vessels and equipment—further amount required including authority for expenditures on harbour facilities, $1.

786. Yarmouth, Nova Scotia-Bar Harbour, Maine, U.S.A., Ferry service—deficit 1958—further amount required, $38,346.

787. Payment to Canadian National (West Indies) Steamships, Limited (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, in the amount of the deficit, certified by the auditors of the company, in the operations of the company in the calendar year 1958—further amount required, $361,954.

788. Canadian National Railways deficit, 1958—Amount required to provide for payment to the Canadian National Railway Company (hereinafter called the National company) upon applications approved by the Minister of Transport, made by the national company to the Minister of Finance, and to be applied by the national company in payment of the system deficit (certified by the auditors of the national company) arising in the calendar year 1958, subject to recovery therefrom of accountable advances made to the national company from the consolidated revenues fund, $51,591,424.

General—

789. Reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $32,738.

790. Expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them in connection with the inquiry—further amount required, $2,710.

Air Services—

Telecommunications division—

Radio aids to air and marine navigation—

791. Administration, operation and maintenance—further amount required, $305,000.

Meteorological division—

792. Administration, operation and maintenance—further amount required, $442,000.

Civil aviation division—

793. Airways and airports—Construction or acquisition of buildings, works, land and equipment—further amount required, including authority to contribute during the current and subsequent fiscal years amounts not exceeding in the aggregate $196,000, to the corporation of the township of Richmond, British Columbia, towards construction of a water supply system, for purposes in connection with Vancouver international airport, $1.00.

794. Contributions toward airport development and other airport projects on cost-sharing basis, in the amounts detailed in the estimates—further amount required, $8,578.

795. Contributions, as detailed in the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars—further amount required, estimated as of March 1959, $3,800.

General—

796. Reimbursement of the northwest communication system stores account for the value of stores losses incurred in the disposal of surplus equipment, $5,900.

Special—

797. Payment to B.C. Air Lines Limited in reimbursement of loss sustained in providing essential winter services to West Coast communities from January 1, 1958, to March 31, 1958, $4,382.

B-General—

Air transport board—

798. Salaries and other expenses, including the Canadian delegation to the international civil aviation organization—further amount required, $8,000.

Canadian maritime commission—

799. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $218,272.

DEPARTMENT OF VETERANS AFFAIRS

800. Prosthetic services—Supply, manufacture and administration—further amount required, $35,000.

War veterans allowances and other benefits—

801. Assistance fund (War Veterans Allowances) —further amount required, $150,000.

802. Treatment and other allowances—further amount required, $160,000.

Loans, investments and advances—

External affairs—

803. Additional advance to the working capital fund of the United Nations organization in the amount of $33,909 U.S., notwithstanding that payment may exceed or fall short of equivalent in Canadian dollars, estimated as of March, 1959, which is, $32,892.

804. Advance to the working capital fund of the intergovernmental maritime consultative organization in the amount of $1,300 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1959, which is, $1,261.

805. To authorize, for the purpose of supplementing economic assistance given under the Colombo plan, special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada, subject to such terms and conditions and at such rates of interest as the governor in council prescribes—further amount required, including authority, notwithstanding section 35 of the Financial Administration Act for the making of payments pursuant to this vote up to June 30, 1959, $1.

806. To increase to $1,100,000 the amount that may be charged at any time to the special account, mentioned in vote 630 of the Appropriation Act No. 2, 1954, that was established to provide for working capital advances to posts and employees on posting abroad, $100,000.

Northern affairs and national resources—

807. Loans to the government of the Northwest territories, during the current and subsequent fiscal years, in accordance with terms and conditions prescribed by the governor in council, $800,000.

DEPARTMENT OF VETERANS AFFAIRS

Soldier Settlement and Veterans' Land Act—

808. Purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; and for protection of security under the Veterans' Land Act—further amount required, $1,209,000.

HOUSE OF COMMONS

Monday, March 23, 1959

The house met at 2.30 p.m.

CIVIL DEFENCE

STATEMENT ON REARRANGEMENT OF RESPONSIBILITIES

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the house will recall that the government asked Lieutenant General Howard Graham to review the state of the civil defence program throughout Canada. General Graham's confidential report made some weeks ago has been reviewed, and the arrangements for responsibility for civil defence discussed in the light of it and of further studies given to the subject by both military and civilian advisers.

We have had to consider these civil defence arrangements as part of the whole plan to be prepared for nuclear war, both on the military side and in various fields where it is now necessary to be ready on the civilian side as well, taking into account the best advice we can get on the nature of the situation which would face us in the event of war. As a result of this review the government proposes to transfer certain of the responsibilities for civil defence functions in so far as the dominion is concerned, and to offer to assume directly certain responsibilities hitherto assumed by the provinces and the municipalities.

The principal change proposed is that the army should undertake primary and direct responsibility for a number of the technical civil defence functions heretofore carried on by civil defence organizations at provincial and municipal levels. These will include warning of attack, the location and monitoring of explosions and radioactive fall-out, the assessment of damaged areas, the decontamination and clearing of such areas, and the rescue of the injured in such areas.

These are difficult and frequently dangerous tasks, requiring trained and disciplined forces and much technical equipment. In the intense early phase of a nuclear war they are likely to be more important and urgent than other tasks on which the army in Canada would be engaged. Consequently we think they are suitable functions for the army to assume, with some aid in particular tasks from the other services. The army will need for this purpose not only its own reserve force but also the assistance of various local auxiliaries, which it will be expected to arrange with provincial and local authorities and others able to help.

The major humanitarian tasks of providing medical and hospital services for the injured and sick, public health measures and emergency billeting and other accommodation for those who must leave their homes, and emergency feeding and other welfare services, should remain, we believe, the direct responsibility of provincial authorities in war as they are in peace, but with increased assistance both financial and technical from the dominion. This assistance would remain the responsibility of the Department of National Health and Welfare. The proper organization, in peacetime, of such emergency arrangements to be ready immediately on the outbreak of war in all localities where they are apt to be needed is a very formidable task, and should be undertaken with determination and vigour. I believe the provinces and local groups are best able to do it. They have the experience, the qualified staff and the local knowledge.

We shall be quite prepared to agree that the provincial and local facilities, both of equipment and personnel, whose costs we may share for civil defence purposes should also be made available to meet the humanitarian requirements of peacetime disasters as well.

Certain other emergency tasks falling within the civil defence field are also clearly best discharged by provincial or local authorities, notably the control of traffic and the preservation of law and order. We shall be prepared to offer increased support for special expenditures incurred in making preparation for such services in war, subject to parliamentary approval. In the two examples cited the Royal Canadian Mounted Police will administer such assistance, and provide as well whatever technical and general advice it can.

Provincial and local costs of approved civil defence projects will henceforth receive assistance to the extent of 75 per cent instead of 50 per cent as heretofore; and this division will apply to projects in the fields of interest of national health and welfare, of the Royal Canadian Mounted Police and to other provincial and local projects.

The emergency measures organization, attached to the privy council office, to which

reference was made on a number of occasions by myself, will co-ordinate the work of other agencies in the field of civil defence measures and planning as it already does in respect of other civilian measures to prepare for war. Federal responsibilities not allocated to other departments or services will be assumed by this organization, although in general the intention is that this will remain a small, central unit and any substantial operating responsibilities will be assigned to others. Liaison with provincial governments on particular functions will be the responsibility of those dealing with such functions, but the emergency measures organization will be charged with general responsibility for contact with the provincial authorities.

I shall be writing to provincial premiers to set forth the federal proposals in more detail, and I shall then table a copy of these letters. It is the intention to arrange discussions with provincial ministers on the general subject of civil defence before we proceed to implement the foregoing proposals. I should like to take this opportunity to emphasize that this government believes that civil measures to prepare for the possibility of nuclear war must be taken as seriously as are military measures. Civil defence can serve a deterrent purpose by demonstrating to a potential aggressor that Canada is determined to survive even a nuclear war and carry on as an organized society and united nation in the face of the utmost perils and hardships.

Hon. Paul Martin (Essex East): Mr. Speaker, the statement the Prime Minister has given the house has been asked for on a number of occasions during this session of parliament by various members sitting in the opposition. We have not had a statement on civil defence since the Minister of National Health and Welfare made a short statement when he introduced his main estimates in the last session of parliament. As a result a long interval has elapsed since this government seized the opportunity to make a statement on this very important and difficult matter. It is no wonder that municipalities, notably the metropolitan area of Toronto, the city of Ottawa and other communities, have complained about the lack of a statement of policy by the government of Canada.

While we welcome the statement the Prime Minister has just given the house, I am sure the municipalities and the provincial governments will find the statement does not reveal the kind of detail for which they have been asking from the Minister of National Health and Welfare, who up to today has had the very difficult responsibility of administrating civil defence in Canada of course in co-operation with the provinces and the municipalities.

The situation the Prime Minister has outlined apparently does not take into account developments, notably in the United States, which were announced yesterday at Battle Creek in the matter of co-ordinating of civil defence in the United States. Emphasis is given in that country, in the face of the growing exigencies of the moment, to private and public shelters. We can only hope that with the assignment of some of the functions to the office of the privy council and to the armed forces, this will mean, as a result of the transfer of some functions to the Minister of National Defence, that we might expect a clarification from the government with regard to the emphasis now given to shelters in the United States.

By the announcement now made the army is to be given certain functions which it is said have heretofore not been assigned to the armed forces. I am sure the Prime Minister would not want to convey the impression that the armed forces have not, under the Minister of National Health and Welfare and pursuant to the authority of the militia act, carried out functions in the matter of civil defence. In this connection we were guided in this country during the last few years by the experience in Britain where, under their arrangements, mobile army units were provided with authority to assist the civil defence authorities in the prosecution of their assignments. We are now told that such matters as warning of attack, matters having to do with radioactive fall-out, the right of re-entry into damaged areas, are to be pursued by the armed forces.

Nothing is said, of course, in the statement made by the Prime Minister of the amendment made yesterday by Senator Anderson in the United States with regard to the error of the AEC in the matter of strontium 90 and the extent to which it lingers in the air, an amendment which could have the most serious consequences for mankind if that error were to take on additional forms. It is noteworthy, however, that in the statement made yesterday by Senator Anderson, commenting with regard to the conclusions of the AEC, it was not thought that as a result of the quicker dispatch to the ground of strontium 90 there would be any appreciable increase in the danger to human health. I presume nevertheless that the statement made a few weeks ago in the house by the Minister of National Health and Welfare still stands.

Nothing has been said by the Prime Minister that would indicate that there has been

a real change, apart from the exceptions I have already noted, in the functions of the armed forces in the matter of civil defence except that they are to be carried out by virtue of receiving their authority presumably from the Minister of National Defence himself although the Prime Minister, so far as I can recall from the statement he read, did not say so specifically.

I note that the hospital and welfare services are to continue under the Minister of National Health and Welfare. This is as it should be and as I expected it would be, for obviously that department is best equipped to deal in a co-operative way with the provinces and the municipalities in the matter of medical and welfare care as part of the civil defence program.

The Prime Minister gives notice of the government's intention to provide, within certain categories of effort, increased financial assistance to the provinces, but I was not clear whether this also applied directly to the municipalities or whether this was an arrangement to be worked out by the provincial governments themselves. Such matters as traffic control and others that normally might be expected to reside with the provinces are to continue as before. In this connection the Prime Minister indicated that further use would be made of the police. One wonders whether or not this really represents an innovation, because under existing civil defence arrangements—and I think the Minister of National Health and Welfare will agree with me—the Royal Canadian Mounted Police, as indeed the armed forces of our country and certainly the militia under the militia act, are available by law and practice to the provincial governments in the discharge of civil defence functions.

The percentage of financial assistance to the provinces for certain phases of effort is now to be increased from 50 to 75 per cent. One wonders, however, whether that applies to the whole co-ordinated program of the federal government and the provinces. Under the arrangement which prevailed before these transfers of duties were announced, certain financial burdens were assumed by the three levels of government. With respect to the great proportion of civil defence obligations the federal government assumed 100 per cent. We presume that in the matter of certain supplies the 100 per cent arrangement will continue as heretofore.

Certain functions are now to be turned over to the office of the privy council. As the Minister of National Health and Welfare will attest, this matter was under consideration prior to June of 1957, and the step now taken is in principle one which I am sure will commend itself to the house. The Prime Minister has indicated his view as head of the government of Canada that civil defence is a matter to be taken seriously.

All hon. members will acknowledge, of course, the very difficult assignment that is now reposed in the three divisions of the federal government, the Department of National Health and Welfare, the Department of National Defence, and the office of the privy council, whose duties and the results of whose duties likewise, I presume, will be reported to this house by the Prime Minister. If that is not the case we have yet to be told which minister will be responsible for reporting to the house and exercising ministerial jurisdiction over the co-ordinating role of the office of the privy council.

Nothing is said, of course, in the statement made by the Prime Minister as to the views of the government regarding the matter of evacuation. It will be remembered that when this matter was last discussed the present Minister of National Defence, who acted as spokesman for the then opposition in the matter of civil defence, basically, I think, agreed with the general position taken by the civil defence authorities as of two years ago with regard to evacuation. Great events have taken place since that time. The intercontinental ballistic missile is now a fact. The Soviet union has successfully launched projects involving the use of intercontinental ballistic missiles. What effect does this new scientific advance in war mean in terms of the policy of the government with regard to evacuation? Does evacuation continue, in the opinion of the government, to be its policy under, of course, now admittedly certain restricted circumstances?

Mr. Speaker, I am sure that the house will welcome the statement in so far as it delineates the transfer of functions that has now taken place from the ministry of health and welfare to the two other departments of the government. But I am sure it would be both the Prime Minister's view and that of every hon. member in this house that this announcement today will not clearly establish the future character of civil defence in Canada. We will want to know what is to be the position of the civil defence council made up of the Minister of National Health and Welfare and his opposite numbers in the ten provincial governments. Is that council to continue? Is it going to have the same power which it had previously, or is it going to be subjected to the limitations involved in the transfer of functions from one minister to the two other departments? How many civil defence workers are there now in Canada? There were, as of June, 1957 some 250,000. Does that number still prevail? These and

other questions remain to be answered; nevertheless, notwithstanding this fact, we welcome this belated announcement of this phase of government policy.

Mr. Hazen Argue (Assiniboia): After listening to the lengthy, comprehensive but rather tortuous statement of the hon. member for Essex East I am not too certain at this time whether I should be replying to the statement by the Prime Minister or to the lengthy statement of the hon. Member for Essex East.

The question of civil defence is a rather controversial one in Canada today because there are a great many well informed people who have asked whether or not civil defence is in fact possible with the tremendous advance in military weapons. We are pleased that the government has had a further study made of this question, and is reporting its action to the house based on that study.

I suggest to the Prime Minister and the government that a further study of this all-important question should be made by the House of Commons itself, and I would think that a small committee of this house might well be established at this session to continue the study that has already been made in other quarters of this vital question. I have no doubt that the provincial governments and the municipalities, in spite of some questions by some municipalities in the past, will give to the government and its various departments full co-operation in this very important field. The provinces and the municipalities will welcome the additional financial assistance that is being provided.

I think any future study that is made of this important question should include the effects of strontium 90, as well as the effects of fall-out and radiation. I feel that from such a study might come recommendations important to the survival of the human race.

[*Later:*]

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Prime Minister, based on his statement on civil defence. In view of the fact that there are some unorganized communities of 1,000 or more in population which have excellent fire brigades and water protection, would they be included in the term "local" in reference to assistance to local communities?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the suggestion seems an appropriate one, and it would be a matter for consideration by the minister.

[Mr. Martin (Essex East).]

ROYAL CANADIAN MOUNTED POLICE

ANNOUNCEMENT OF APPOINTMENT OF COMMISSIONER

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I should like to announce that Deputy Commissioner Charles Edward Rivett-Carnac has today been appointed commissioner of the Royal Canadian Mounted Police. Such an appointment would perhaps not normally be announced in the house, but in view of the particular circumstances and the general interest in the matter I thought it would be appropriate on this occasion to make the announcement here. This appointment and the retirement of Commissioner Nicholson will both have effect on April 1.

Commissioner Rivett-Carnac has had a most distinguished career with the R.C.M. Police and brings to his position the benefit of full experience in all the problems and requirements of the field divisions, as well as a thorough knowledge of the administrative and command problems at headquarters.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, it is an unfortunate and regrettable situation that required this appointment. The decision taken by the government last week, however, brought about that situation and this vacancy. That being the case, Mr. Speaker, I can think of no one more suitable than Deputy Commissioner Rivett-Carnac to fill the vacancy created by the resignation of a commissioner who has served Canada so well, a man of great courage and integrity. Mr. Speaker, the reported offences against law and order in Newfoundland over the week end emphasize the desirability of filling this vacancy quickly, and I am glad this has been done.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we welcome the announcement by the Minister of Justice, and we are quite certain from the minister's own knowledge and his usual good judgment that he has made an appropriate replacement as commissioner of the R.C.M. police.

LIVESTOCK

HOGS—ANNOUNCEMENT OF SUPPORT PRICES

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the Agricultural Stabilization Act provides for the announcement of support prices on an annual basis. The existing support price for hogs expires at the end of this month. Therefore I am now announcing that the existing price of $25 per 100 pounds, basis Toronto and Montreal, warm dressed weight, for A grade carcasses, with appropriate prices for other markets, will continue in effect until September 30. For the period

October 1, 1959 to March 31, 1960, the support price will be at the mandatory level, which is 80 per cent of the ten-year average or $23.65 per 100 pounds, basis Toronto and Montreal.

As is well known, hog marketings in 1958, and more particularly during the last quarter of 1958 and in 1959 to date, have been running at unusually high levels. This has resulted in hog prices over the past six months remaining at or close to the support level. It has also resulted in a considerable accumulation of pork products by the stabilization board. There is good reason to believe that one of the important factors behind the increased production of hogs is the development of so-called vertical integration, financed or sponsored in one way or another by large commercial organizations. The assured price under the existing stabilization program appears to have been an important factor in the greatly accelerated production under this type of operation.

I have therefore directed the stabilization board and officers of the department actively to explore the method of providing price support for hogs by means of a payment to producers, commonly described as a deficiency payment, rather than by an undertaking to purchase the product as at the present time. Under this alternative method the price of hogs would not be supported in the market, but producers would be paid the difference between the actual average price received and the prescribed support price. This method would make it possible to withhold payments from commercial organizations operating under the so-called vertical integration plan, and to limit payments to any individual to a specific number of hogs delivered.

I am sure that all who have knowledge of hog production and marketing procedures will agree that before radical changes are made an administratively sound plan must be developed. Consequently I cannot at this moment state when the proposed change can be put into effect. However, I wish to assure the house that every effort will be made to complete the necessary studies and put the alternative plan into effect at the earliest possible date.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the house will have listened with great interest, I think, to the statement of the minister, and there will be an opportunity very shortly when we resume consideration of his estimates to debate that statement. I gathered from the statement that the government have felt that the policy previously adopted in this matter was unrealistic in the figure the minister has given for hog support prices, and that they have felt that this figure represents an incentive payment. They have now taken steps, in their wisdom, to correct that situation by introducing a new principle in respect of this product, that of deficiency payments. In that respect, Mr. Speaker, we on this side get some satisfaction out of the fact that the government has adopted the policy put forward in our national convention resolution, where we advocated deficiency payments when required.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the announcement by the Minister of Agriculture with regard to hog prices is most disappointing.

Some hon. Members: Oh, oh.

Mr. Argue: Hon. members on the government side of the house can snicker and giggle if they wish, but the hog producers of this country will not look kindly on an announcement which states that the floor price beginning October 1 will drop from $25 to $23.65 a hundredweight. This is not the kind of policy we had expected from the government in view of its oft repeated promises given to agricultural producers of their fair share of the national income and of support prices based on parity.

I had thought previously, Mr. Speaker, that when the government undertook to announce support prices at the height of the production season, those support prices would be announced at an earlier date to allow farmers to gauge their production for the period covered by the support prices. The minister, who is a hog raiser himself, knows that a great many plans are already under way for the production of hogs this year, and that the quantity of hogs which will be going on to Canadian markets in the current year has now, for all practical purposes, been decided. This therefore is an announcement of a reduction at a time when the farmer has no opportunity to adjust his production to this lower price.

This is a demonstration we believe, Mr. Speaker, once again of the drastic results that will flow from the government having failed to give fair prices to the western grain producers. We all realize that in desperation western grain producers have transferred a very large part of what was normally strictly grain production to the production of livestock. The increased marketing of hogs from the prairie region is perhaps one of the reasons why the minister has announced this reduction in hog prices. Without an over-all, comprehensive policy for agriculture I am afraid this may be but a forerunner of additional and drastic announcements by the minister which will mean a further deterioration in the position of agriculture.

BUSINESS OF THE HOUSE

ORDER OF BUSINESS AS SET OUT ON ORDER PAPER

Mr. Speaker: Notices of motions for production of papers. No. 5; Mr. Fisher.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Stand.

Mr. Speaker: Is that agreeable to the hon. member for Port Arthur?

Mr. Fisher: I should like an explanation as to why this should stand.

Hon. Paul Martin (Essex East): After motions, the next item as I see it on my order paper is introduction of bills; then, first reading of Senate public bills, and then government notices of motions.

Mr. Speaker: We must have different order papers.

Mr. Martin (Essex East): Mine is dated Monday, March 23.

Mr. Speaker: The next order of business after motions is: private members' day, fifth allotted Monday—notices of motions for the production of papers.

Mr. Martin (Essex East): I have an order paper for Monday, March 23. It says:

Daily routine of business:—Presenting reports by standing and special committees; motions; introduction of bills; first reading of Senate public bills; government notices of motions.

Mr. Speaker: There are no bills to be introduced today. That is why there is no item set down.

Mr. Fulton: Look at standing order No. 15.

LABOUR CONDITIONS

UNEMPLOYMENT—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. Paul Martin (Essex East): Under the provisions of standing order No. 26, Mr. Speaker, I beg leave to move the adjournment of the house to discuss a matter of urgent national importance, namely the serious unemployment situation as revealed today in a joint release of the Department of Labour and the dominion bureau of statistics which has not shown any decrease in unemployment as forecast by the government. This is a matter which bears with increasing severity on certain regions of Canada.

Mr. Speaker: I have felt that the question of unemployment, which is a continuing one, can scarcely be brought forward under rule 26. The circumstance alleged by the hon. member for Essex East, namely a joint release by the Department of Labour and the dominion bureau of statistics, scarcely alters the situation, in my opinion, to a point where the house should be asked to interrupt its ordinary business. That is my present disposition, but before disposing of the matter I do not want to overlook any sound argument tending to show that this question should be debated today and that we should interrupt our normal business for this purpose.

[Mr. Argue.]

Mr. Martin (Essex East): Since Your Honour has asked for sound arguments, may I have the honour of being the first to indicate the sound arguments which we on this side of the house have in mind to justify, in Your Honour's judgment, the presentation of this motion at this particular time.

The government through the Minister of Labour on August 16 last in a debate in this house indicated that the unemployment situation in Canada was improving, and that we could expect to see a gradual amelioration of the problem from that time onward. The fact is that this morning the Department of Labour and the dominion bureau of statistics issued a monthly report which reveals that the number of persons without jobs and seeking work was estimated to be 537,000 in February, a figure virtually unchanged from January. This situation means that Canada has a higher percentage of unemployed workers than any other country in the western world, and it would seem to us—

Mr. Green: Mr. Speaker, the hon. member is carrying on with the debate. He is not speaking to the point of order.

Mr. Speaker: I think the point is well taken that the hon. member is really proceeding as though the motion had been allowed. The point is this. What difference is there between this Monday and last Monday, when a motion could have been moved by way of want of confidence to deal with this unemployment situation? As a matter of fact I recall now that it could not have been moved because the subject has already been debated this session. I am not sure how the hon. member could overcome these obstacles, both that we have had debates so directly pointed toward the unemployment situation that I doubt whether a new want of confidence motion could be permitted on this subject, and second, as the hon. member has just remarked, that there is no change in the figures; we are dealing with a continuing situation.

I feel the hon. gentleman should not attempt to debate the subject matter, but if he has any sound argument in support of debating this question at this particular time, indicating why it has become a matter which would justify the interruption of our ordinary business, I feel he should address himself to this point.

Mr. Martin (Essex East): With great respect, I think the argument of urgency must lie in the facts as they seem to present themselves to us, but I do not intend to labour that point. However, we now have in our possession, as of a few hours ago, a further report from the Department of Labour and the dominion bureau of statistics which indicates that despite government assurances with regard to unemployment in this country the situation is not improving and in the result, when we add up the national figure on the basis of the categories of unemployed included in the dominion bureau of statistics figures, a very serious situation confronts the country. The urgency lies in the fact that the problem continues, as the monthly bulletin indicates, to be as severe as it was in the preceding month. That situation confronting us at this moment when we are about to recess for a period of ten days warrants, I submit with great respect and confidence, the house giving consideration at this time to ways and means by which the government could deal with this problem.

This matter has not been pursued by way of specific motion during this session. There was an amendment on going into supply providing that the government should give consideration to calling a dominion-provincial conference so that this question and fiscal matters could be discussed, but both fiscal and unemployment questions were referred to in that amendment as the kind of question which would justify the holding of such a conference, and the kind of question that might be discussed at that conference.

I submit there is no problem of greater emergency in our country at this time than the fact that we have almost half a million people out of work. This problem persists in spite of government policy and in spite of government assurances of amelioration. I would urge upon Your Honour the consideration that if ever there was a motion that came within the terms of standing order 26 it is this particular motion, which justifies our asking the government to give an opportunity at this time of examining its policies and finding why there is no improvement in a situation that affects so many thousands of our people in all parts of Canada. The new fact has emerged that as a result of statistics introduced in another parliament in the commonwealth we have learned that Canada has a higher measure of unemployment than any other—

Some hon. Members: Order.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I rise on a point of order. My hon. friend is simply going ahead to make his speech. I point out that the rules are perfectly clear. Standing order 26, subsection 6, paragraph (c) provides:

> 26. 6(c) the motion must not revive discussion on a matter which has been discussed in the same session.

The original amendment moved by the Leader of the Opposition during the course of the debate on the speech from the throne on January 19, as reported at page 52 of *Hansard*, was in the following words:

> We respectfully affirm that Your Excellency's advisers, by reason of contradictory and confused policies; as well as lamentable indecision in dealing with grave national problems such, for example, as those concerned with mounting unemployment, no longer merit the confidence of this house.

In addition there was a subamendment moved by the hon. member for Kootenay West, to a motion to go into supply, as reported at page 871 of *Hansard* of February 10, in the following words:

> That the amendment be amended by changing the period at the end thereof to a comma, and by adding thereafter the following words:
> "and should present for consideration of such conference federal proposals:
> (a) to assume complete responsibility for the welfare of the employable unemployed.
> (b) to ensure employment opportunities to all Canadians willing and able to work—

The motion made today by the hon. member for Essex East contains these words:

> —which has not shown any significant decrease.

My hon. friend has reference to the general unemployment situation. If the hon. gentleman can move to adjourn the house on the basis of figures which happen to have been published today, then he could move to adjourn the house every day that figures are brought down; for instance, two weeks from now or four weeks from now and so on right through the session. I submit that this rule is intended to prevent this type of development.

Mr. Speaker: The Minister of Public Works has raised a point of order which I have heard. I believe I have heard all I need to hear from that hon. gentleman or any hon. member of the house for that matter, because it is quite clear to me that this is not a motion that can be sustained.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to address myself to the question of whether or not this is a motion of urgency and whether or not there exists a situation which is different from that which might obtain had action been taken by the government.

On that question only I should like to draw to your attention the fact that this is a matter of urgency because the house now has information it did not have before. It is only within the last few hours that it has been

possible to obtain information concerning what the situation is, and the situation is undoubtedly serious. I would also point out that this week the house is going to adjourn until April 6, at which time we will be approaching the period when seasonal benefits under the unemployment insurance provision will be running out. Because of the continuing unemployment problem many will be unable to obtain unemployment insurance benefits. In view of this fact I submit it is only a logical conclusion to everyone that this is a matter of urgency that should be discussed.

Mr. Speaker: As hon. members appreciate, it is not my function to say whether or not this is an urgent, important or critical matter. I do not for one moment take the position that it is not, but I do find that we have discussed this very problem throughout the session. In addition to the discussions which have been mentioned by the Minister of Public Works the hon. member who moved this motion moved an amendment on February 9 calling for a federal-provincial conference to discuss unemployment and fiscal relations.

In the absence of some marked change that has been sudden and which presents another problem from that which we have considered, it appears to me I could not allow the ordinary procedure of this house to be interrupted, which is what the hon. member is asking to do.

UNEMPLOYMENT—REQUEST FOR LATEST STATISTICS

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address a question to the Minister of Labour. Has he any up to date figures on the unemployment situation as it exists in Canada?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker. I am very pleased to inform the house that the latest joint release of the dominion bureau of statistics and the Department of Labour shows a general improvement in the labour situation across Canada. The February figure for persons without jobs and seeking work shows a drop of 1,000 from January. Since it comes at this time of the year, Mr. Speaker, it is encouraging evidence of a trend which has been developing for some weeks. The February figure of 537,000 job seekers represents 26,000 fewer looking for work than at this time last year. At the same time, 152,000 more persons are working. In view of the dire predictions that have been made in some quarters may I suggest, Mr. Speaker, that this government can take immense pride—

[Mr. Winch.]

Mr. Speaker: Order.

Mr. Starr: I have some very important figures—

Mr. Speaker: Order. Before he finishes, perhaps the minister would let me advise him that I have not permitted a debate on this subject. I hope he will keep within the ruling.

Mr. Starr: I do not think these figures are debatable, sir. I think all of us in the house can take great pride in the fact that 152,000 more persons are working this year than at this time last year.

In percentages of those seeking work, the figure is 8.8 per cent of the labour force as at mid-February. In January it was 8.9 per cent. Last February the seeking-work figure was 9.4 per cent of the labour force. It is on its way down. By comparing the picture in February we find that it is much more encouraging than it was even in the month of January. In January, unemployment was still up 98,000 over December and 11,000 over a year earlier. Employment was 142,000 lower than in December. This, I am very happy to say, Mr. Speaker, has been checked and reversed. Unemployment is down and employment is up very substantially.

When we turn to last year we find that for February, unemployment had jumped up 232,000 over the previous year. We find that it had jumped by 35,000 over the previous month, and it was at this time, Mr. Speaker, that the predictions that I referred to were made. However, the situation is now that we had 9,000 more people at work in February than in January and 152,000 more than in February last year, with a labour force 126,000 greater.

The national unemployment registrations were, Mr. Speaker—

Mr. Speaker: I find that if not a specific debate at least a general debate is arising. I leave it to hon. members whether the minister should continue his answer at this length, and I would ask him to terminate it—

Mr. Martin (Essex East): I think it would be the wish of the house to allow the minister to complete his statement on the understanding, of course, that we on this side will have the same right and opportunity that we hope now arises, in view of the fact that the minister has already made a fairly comprehensive statement.

Mr. Speaker: The minister has not asked for leave to revert to motions to make such a statement. If he does, I will ask the house whether it wishes to give him the opportunity.

Mr. Martin (Essex East): May I ask the minister a few questions? Would the minister like to revert to motions to make his statement?

Mr. Speaker: Is the hon. member rising to ask a supplementary question?

Mr. Martin (Essex East): Does the minister derive much encouragement, as he said he did, from the fact that 8.8 per cent of the labour force is without jobs and seeking work? Does he think that this situation having regard to the employed force in Canada, represents a result which warrants that encouragement, particularly when we compare the 8.8 per cent with the corresponding figure of 2.5 per cent in Great Britain? Does he think this indicates that their 550,000 unemployed in a country of 48 million is comparable with our 537,000 in a country of 17 million people?

Mr. Starr: Mr. Speaker, I get reports from the dominion bureau of statistics, I get reports from the national employment service offices, and I also get reports through the press as to the situation in Great Britain. Unfortunately I am in somewhat of a dilemma at times because I am unable to get the Martin B.S. figures—

Some hon. Members: Oh, oh.

Mr. Starr: I was referring to the "Martin bureau of statistics". In answering the hon. member's question may I say that I get a great deal of satisfaction from the fact that the trend has been reversed, from the fact that two months earlier than has been the case in other years, unemployment is showing a decrease rather than an increase. I take a great deal of pride in that, Mr. Speaker, because of the fact that the things this government has done have brought about this change.

Mr. Pearson: Mr. Speaker, I wonder whether the minister would add to our information on this very important matter by giving us the comparable percentage figure in the United States.

Mr. Starr: I have not got those figures with me—

Mr. Martin (Essex East): It is 6.1 per cent.

Mr. Starr: —but I know that hon. members opposite have these figures. I think they are very much disturbed by this release because it did not show another increase as they expected.

Mr. Pearson: Does the minister not realize that we are indeed disturbed by these figures, and deeply disturbed because the comparable figures in the United States are so much lower?

Mr. Starr: Mr. Speaker, this government—

Mr. Speaker: Order.

[*Later:*]

Mr. Martin (Essex East): May I direct a question to the Minister of Labour. Can he say whether or not it is a fact that registrations at the national employment service offices for the month of February show an increase of 16,000 compared with the previous reported period of January 15, 1959?

Mr. Starr: In answer to that question I want to advise the hon. member that registrations at the national employment service offices in March show a decrease of 65,707 from a year ago, or 7.6 per cent.

Mr. Martin (Essex East): May I ask the minister, in view of his reply, if the figures he gave out this morning are inaccurate when they show that as of January 15, 1959 there were 775,658 compared with 791,210 as of February 19, 1959?

Mr. Starr: The figures I gave the hon. member in reply were more up to date.

Mr. Martin (Essex East): If they are more up to date, will the minister explain why he issued this morning the figures I have just given to the house? What the hon. gentleman has done is not to take the people of Canada—

Some hon. Members: Order.

Mr. Martin (Essex East): —and this parliament into his confidence with regard to these figures.

Mr. Starr: Mr. Speaker, the procedure followed in the compilation of these figures is the same as was established by hon. members opposite when they formed the government, and we are not changing it one bit. In mid-February the dominion bureau of statistics figure is given and so, in comparison, is the mid-February figure of national employment service registrations, but as the head of the department I get up to date figures every week.

INQUIRY AS TO EXTENSION OF FEDERAL WINTER WORKS PROGRAM

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Labour. Has the minister given further consideration to the possibility of extending the emergency winter work program?

Inquiries of the Ministry

Hon. Michael Starr (Minister of Labour): That matter is still being given consideration.

MOTION FOR PAPERS

EIDERDOWN COLLECTION AND DISPOSAL

Motion No. 74—**Mr. Fisher:**

For a copy of the return made to the Minister of Northern Affairs and National Resources showing the number of pounds of eiderdown collected and the disposal thereof for 1956, 1957 and 1958, as required by the permit issued by the Canadian wildlife service on the 13th day of April, 1956, to Fernand Boucher and Andre Grenier, 3551 Park avenue, Montreal, Quebec.

Motion agreed to.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—IMPLEMENTATION OF REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the fact that March 31 is the 10th anniversary of the union of Newfoundland with Canada I should like to ask the Prime Minister whether before that date the government will announce its intention to carry out the recommendations of the McNair commission report?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, an announcement can be expected before that date.

EXTERNAL AFFAIRS

SUMMIT CONFERENCE—POSSIBILITY OF MEETING IN CANADA

On the orders of the day:

Mr. Jacques Flynn (Quebec South): Mr. Speaker, I wish to direct a question to the Prime Minister. As it is mentioned in today's news that a summit conference will take place in the middle of the summer, would the Prime Minister be kind enough to tell the house if there is a possibility that such a conference may be held in Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, certainly it would be a source of gratification to the Canadian people if the summit conference were held in Canada. There are available at the Citadel in the city of Quebec those facilities which I believe would render a summit conference in that city not only feasible but appropriate. Since Canada is located between the two major countries, namely the U.S.S.R. and the U.S.A., and has close affiliation with the United Kingdom and France, I am sure that Canadians as a whole would welcome the holding of this conference in this country.

[Mr. Hellyer.]

I did suggest Canada as a suitable place for the holding of that conference to Mr. Macmillan when he was here recently.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—INQUIRY RESPECTING SENDING OF POLICE REINFORCEMENTS

On the orders of the day:

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, may I direct a question to the Minister of Justice. In view of the further disturbances over the past week end in western Newfoundland, is it now the intention of the minister to send R.C.M.P. reinforcements to western Newfoundland?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have had no report with regard to this disturbance which would indicate that the situation is different from what it was when it was referred to earlier by the Prime Minister in his statement to this house.

REQUEST FOR TABLING OF TELEGRAM FROM MAYOR OF ST. JOHN'S

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the minister a supplementary question. Is it true that the minister received representations from the mayor of St. John's indicating that, because of the failure of the federal government to carry out its contract, the city of St. John's was seriously denuded of police?

Hon. E. D. Fulton (Minister of Justice): I had a telegram from the mayor of St. John's some two weeks ago, Mr. Speaker, to which I replied, and I have had no further representations.

Mr. Pickersgill: Would the minister be willing to table this communication?

Mr. Fulton: Well, I do not know, Mr. Speaker, whether one should table every telegram which is received, and every reply. They do not seem to me to cast any further light on the matter than that contained in the question put to the minister. I have had such representations, and I have sent a reply.

Mr. Pickersgill: I request the minister to make the information available to parliament.

Mr. Fulton: Very well. If the house will consent, Mr. Speaker, I shall be glad to table the telegram.

NATIONAL DEFENCE

INQUIRY AS TO TABLING OF WHITE PAPER ON POLICY

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Minister of National Defence whether he is now able to advise the house as to when he will table the white paper on defence.

Hon. G. R. Pearkes (Minister of National Defence): The answer that I gave on March 10 still applies today.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, a supplementary question. Will the minister not do his best to see that this white paper is in the possession of hon. members before the Easter recess, so that it may be studied during the recess?

Mr. Pearkes: Since my estimates cannot be brought down before the Easter recess it is quite impossible to get the white paper out to members before the Easter recess.

POST OFFICE DEPARTMENT

ATTENDANCE OF MINISTER AT MEETING OF EMPLOYEES

On the orders of the day:

Mr. Azellus Denis (St. Denis): I should like to ask the Postmaster General a question. Is he aware of the meeting of post office employees held in Ottawa yesterday? Was he invited to that meeting and has he any comment to make on it?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I am aware of the meeting that was held yesterday. I was invited, but unfortunately it was impossible for me to attend. My comment today is exactly the same as I made to the hon. member for St. Denis on February 10 and again on February 24, when I pointed out to him that the matters under discussion were the concern of the civil service commission at this point.

Mr. Denis: May I direct a supplementary question to the Secretary of State. As the Postmaster General says this matter comes under the civil service commission, which comes under the control of the minister, may I ask him if he is aware of the meeting held in Ottawa yesterday by post office employees, and if he has any comment to make.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I was not aware of the meeting in Ottawa yesterday, and I have no comment to make.

Mr. Denis: May I ask the Prime Minister a question. Is he in a position at this time to keep one promise, the promise he made to answer today the question I have just asked the Secretary of State and the Postmaster General? When there is some hardship so far as the post office employees are concerned, there must be somebody in the government who is responsible.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, no one can but pay tribute to the hon. gentleman for the affability he always displays when he asks his questions. I have been waiting for the opportunity to answer the question which I undertook to answer the other day. A similar question was asked by the hon. member on March 10 and on an earlier date, February 24, a question of like import was asked of the Postmaster General. At that time the Postmaster General replied:

> —these are matters which come, in the first instance, under the responsibility of the civil service commission. It is not possible for an individual minister to establish wages for his employees or deal with the other factors which have been discussed at these meetings.

That was part of the answer he gave. I should like to draw the attention of the hon. member to the fact that I have at all times laid stress on the independent position of the civil service commission, and that that independent position must be scrupulously maintained and recognized. In a letter to one of the civil service organizations, the civil service association of Canada, in October, 1958 I pointed out that the civil service commission represents neither the employees nor the government as an employer. The responsibilities of the commission in regard to the matter of salaries are clearly set out in the Civil Service Act. It is realized that the decisions of the commission on salary matters have not always met with full agreement, but at all times the various organizations have expressed their utmost confidence in the commission.

Some representations were addressed to me by the federated association of letter carriers and the Canadian postal employees association and, relying on the premise I have already stated, I forwarded those letters to the civil service commission. The civil service commission has informed me that it will take into consideration the representations of these associations concerning salaries, compensation, overtime and the like.

I wish to say that in reviewing salaries of civil servants the pay research bureau of the civil service commission takes into consideration all classes of the service. For that reason I take it that any individual group of employees will not be dealt with separately by the commission.

Inquiries of the Ministry

PUBLIC SERVICE

CIVIL SERVICE COMMISSION—INQUIRY AS TO APPOINTMENT OF CHAIRMAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Would the Prime Minister inform the house when he proposes to appoint a chairman of the civil service commission?

Right Hon. J. G. Diefenbaker (Prime Minister): I am hoping, Mr. Speaker, that an appointment will be made very soon.

CANADIAN BROADCASTING CORPORATION

VANCOUVER—INQUIRY AS TO ERECTION OF NEW BUILDING

On the orders of the day:

Mr. Douglas Jung (Vancouver Centre): May I direct a question to the Minister of National Revenue. As the minister is doubtless aware, the C.B.C. radio and T.V. studios in Vancouver are at present situated in three different locations. With a view to increasing administrative efficiency and reducing production costs, as well as to create employment, would the minister advise whether the C.B.C. has given, or will give, consideration to the erection in Vancouver of a building which would house all the radio and T.V. facilities of the C.B.C.?

Hon. George C. Nowlan (Minister of National Revenue): The hon. member was good enough to speak to me about this last week, so I was able to make inquiry of the C.B.C. The answer is that there is undoubtedly a need for the centralization of activities in Vancouver. However, the same need exists in other cities, notably in Toronto and Montreal. In view of these circumstances, some time ago the corporation acquired some land for the purpose of constructing buildings some time in the future. There are no immediate plans for carrying out such construction at this time.

Hon. Paul Hellyer (Trinity): Does the minister know if the C.B.C. presently hold lands in Toronto upon which it intends to build a central building in the near future?

Mr. Nowlan: The C.B.C. owns land in Toronto and it also leases several properties, as the hon. member knows; I think some 20 in all. However, the C.B.C. has not acquired any land for the immediate purpose of further construction.

TRADE

SALT FISH—REQUEST FOR STATEMENT ON MARKETING

On the orders of the day:

[Mr. Diefenbaker.]

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Trade and Commerce, Mr. Speaker, if he would endeavour to make a statement on salt fish marketing tomorrow in order to give hon. members an opportunity to study it in case they should wish to raise questions about this matter which is so important to the east coast.

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker.

URANIUM—ALLEGED PURCHASE BY JAPAN FROM SOUTH AFRICA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): A week ago last Thursday I asked the Minister of Trade and Commerce a question about the reported sale of six tons of uranium oxide by South Africa to Japan without a bilateral agreement. He said he would look into the matter.

Hon. Gordon Churchill (Minister of Trade and Commerce): I said in reply to the question at that time that I had no evidence that South Africa had sold uranium to Japan. Subsequently information reached us that this was done. I am not just sure what the quantity is—oh, it is 6½ tons of uranium oxide which were exported from South Africa to Japan, and a guarantee was given by Japan that the uranium oxide would only be used for peaceful purposes.

Mr. Pearson: I also asked the minister on the previous occasion whether the policy being followed by certain uranium exporters in this matter, that is of selling without bilateral agreements, will affect the policy of the Canadian government in selling any uranium only within such bilateral agreement.

Mr. Churchill: We have this matter under serious consideration, but we are working closely with the international agency that is concerned with atomic energy and the sale of uranium. The question of setting up safeguards is closely linked to the bilateral agreements between uranium producers and those who require that metal. At the moment we are holding to the bilateral agreements with the necessary safeguards.

PRIVATE BILLS

On the order:

March 19—House in committee on Bill S-11, an act to incorporate the Evangelical Mennonite Conference. (Without amendment)—Mr. Jorgenson.

Mr. R. J. McCleave (Halifax): In view of the absence of the sponsor of this bill, Mr. Speaker, I would move that it be referred

to the committee together with all the divorce bills standing on the order paper for reference to the committee.

Mr. Speaker: Is it the pleasure of the house that the private bills standing on the order paper for consideration in committee of the whole be referred to the committee of the whole in one motion?

Some hon. Members: Agreed.

Mr. John B. Hamilton (York West): I believe there are about five private bills mixed up with these divorce bills, and I would assume that they would be taken in proper order.

Mr. Speaker: Well, then, has the hon. member any objection to taking items 1 to 30 in one motion?

Mr. Hamilton (York West): I think we should have an explanation of No. 1, and after that we can take them down to item 31.

Mr. Speaker: Well, then, the motion is that I do leave the chair.

Some hon. Members: Agreed.

THE EVANGELICAL MENNONITE CONFERENCE

The house in committee on Bill S-11, to incorporate the Evangelical Mennonite Conference—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Incorporation.*

Mr. McCleave: Mr. Chairman, I intend to speak very briefly on this bill, which comes appropriately before us as we move into the holiest season of the year, that is Easter. It is perhaps appropriate that at this time we consider this measure in committee and, subsequently, give it third reading. I am not familiar with the precise nature of the religious community that is being established by this bill. I believe the hon. member for Lisgar will have a few words to say on that point in a few moments.

Since I stand for the sponsor of the bill, I should like to assure the committee that the bill has been given proper consideration in the other place and by the miscellaneous private bills committee, where the sponsor was pleased to attend and explain the provisions. I think I should say further that the 19 or 20 clauses in this particular bill are in the standard form for setting up these religious associations.

Mr. Muir (Lisgar): I should like to add to what the hon. gentleman has said concerning this bill that the purpose is to set up a central administrative body to administer the funds of the various congregations of this church, over and above that needed on the local level. It will co-ordinate the efforts of these congregations and enable the larger ones to assist the smaller ones in getting established. It will also facilitate the distribution of church funds collected for missionary work in foreign fields. I think this is the same procedure that is used by the majority of churches of all faiths in this country. This measure will greatly assist this religious body in furthering its work amongst the people of that faith.

Clause agreed to.

Clauses 2 to 18 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill SD- 102, for the relief of Esther Mendelson Levy.—Mr. McCleave.

Bill SD-103, for the relief of Joseph Louis Charles Gabriel Gascon.—Mr. McCleave.

Bill SD-105, for the relief of Gerald Leblanc.—Mr. McCleave.

Bill SD-106, for the relief of Morris Gordon. —Mr. McCleave.

Bill SD-108, for the relief of Rita Lucia Palmieri Bellefleur.—Mr. McCleave.

Bill SD-109, for the relief of Alex Groot. —Mr. McCleave.

Bill SD 112, for the relief of Wauneta Langill Bourque.—Mr. McCleave.

Bill SD-113, for the relief of Pierrette Bertrand Suchereault, otherwise known as Pierrette Bertrand Chussereault.—Mr. McCleave.

Bill SD-114, for the relief of Yolande Bosse Murphy.—Mr. McCleave.

Bill SD-115, for the relief of Joseph Rolland Wright.—Mr. McCleave.

Bill SD-116, for the relief of Rosalie Jakes Reisinger.—Mr. McCleave.

Bill SD-117, for the relief of Jacqueline Ann Rosenfeld Bernstein.—Mr. McCleave.

Bill SD-118, for the relief of Margit Elizabeth Mary Temke Malcolm.—Mr. McCleave.

Bill SD-119, for the relief of Celia Claire Kanigsberg Dickman.—Mr. McCleave.

Bill SD-120, for the relief of Constantin Deacur.—Mr. McCleave.

Bill SD-121, for the relief of Bernard Fourcade.—Mr. McCleave.

Bill SD-122, for the relief of Sylvia Mary Mefrige Makad.—Mr. McCleave.

Bill SD-123, for the relief of Marjorie Seymour Hammond Pearson.—Mr. McCleave.

Bill SD-124, for the relief of Helene Dagenais Roy.—Mr. McCleave.

Private Bills

Bill SD-125, for the relief of Violet Winnifred Kean Newton Armstrong.—Mr. McCleave.

Bill SD-126, for the relief of Marlene Marle Korn.—Mr. McCleave.

Bill SD-127, for the relief of Elaine Shirley Dorfman Moscovitch.—Mr. McCleave.

Bill SD-128, for the relief of Eric Alexander McConnell.—Mr. McCleave.

Bill SD-129, for the relief of Etta Rose Palevsky Lerman.—Mr. McCleave.

Bill SD-130, for the relief of Edward Bruce Bonneville.—Mr. McCleave.

Bill SD-131, for the relief of Pamela Margaret Clark Creber.—Mr. McCleave.

Bill SD-132, for the relief of June Bernice Rath O'Hanley.—Mr. McCleave.

Bill SD-133, for the relief of Michael Zuk. —Mr. McCleave.

Bill SD-134, for the relief of George Frederick Davies.—Mr. McCleave.

CONGREGATION OF THE SISTERS OF THE FAMILY OF BORDEAUX

Mr. Jacques Flynn (Quebec South) moved the second reading of Bill S-14, to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux.

He said:

(Translation):

Mr. Speaker, the purpose of this bill is to incorporate, under the federal parliament authority, the Congregation of the Sisters of the Holy Family of Bordeaux. It is a Roman Catholic congregation, established in Canada in 1904 and which, since that time, has concerned itself with hospital care and education, mainly in the province of Quebec.

The congregation seeks a federal charter because it is considering extension of its activities beyond the province of Quebec.

I said just now that that congregation, Mr. Speaker, is concerned with hospital care. In fact, it operates several hospitals, one in Ville Saint-Laurent, another in Saint-Paul-l'Ermite, one in Quebec, which is well known —Notre-Dame-de-l'Espérance hospital—one at Amqui, one at Seven Islands and, finally, another one at Blanc-Sablon, in Labrador.

In the field of education, that congregation operates several schools in the Matapedia valley, in addition to Indian schools in Roman River, Labrador, and at Blanc-Sablon. It also operates, at Ville-Saint-Laurent a training school for certified nurses who provide home nursing care.

In view of the above, I need hardly point out that the activities of that congregation are extensive and based on the loftiest altruistic motives. That is why I feel sure that this bill, which has already been considered in detail by the Senate, will be approved by the house.

Mr. J.-Alfred Belzile (Matapedia-Matane): Mr. Speaker, may I be allowed to take up a few minutes of the house's time, as did my colleague the hon. member for Quebec South (Mr. Flynn), to express support of Bill S-14 which he has just introduced.

The basic purpose of Bill S-14 is to allow a Canadian religious order the right to incorporate under the name of Congregation of the Sisters of the Holy Family of Bordeaux.

As I say, Mr. Speaker, the passing of this bill should contribute to give the congregation legal uniformity by allowing it to incorporate. In view of the fact that the Congregation of the Sisters of the Holy Family, which heretofore was also known as the Sisters of Hope, are now operating missions in my constituency, including a maternity hospital at Amqui, county seat of Matapedia, and primary schools in the parishes of Saint-Vianney, Sainte-Irene, Saint-Alexandre-des-Lacs, and Lac-Humqui, it can safely be assumed that within a few years, they will be in a position to expand their present activities to an even greater degree, and thus to render even greater services to society in the hospital and educational fields.

For all those reasons, as well as others that would be too long to mention, it is with great pleasure that I support Bill S-14.

(Text):

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

CANADIAN GENERAL COUNCIL OF THE BOY SCOUTS ASSOCIATION

Mr. G. H. Aiken (Parry Sound-Muskoka) (for Mr. Fleming, Okanagan-Revelstoke) moved the second reading of Bill S-13 respecting the Canadian General Council of the Boy Scouts Association.

He said: Mr. Speaker, the object of this bill is relatively simple. It is intended to remove the "ceiling" on the amount of real property which the Canadian general council of the boy scouts association may hold. As a former member of the scout organization, both as a scout and as a leader, I am very pleased to have the opportunity of moving the second reading of this bill on behalf of the hon. member for Okanagan-Revelstoke

(Mr. Fleming) who is unavoidably absent. That hon. member, who was to have moved the bill, has a long history of association with the boy scout organization and was only recently awarded the medal of merit by that organization.

The Canadian general council of the boy scouts association was incorporated by chapter 130 of the statutes of 1914 which received the royal assent on June 12, of that year. Section 8 of that act authorized the association to receive, hold and dispose of real estate, but added a proviso that the amount should not exceed the value of $50,000. On reading over the debates which took place in connection with that bill back in 1914 I find that some hon. members at that time wondered why the amount was so large. Looking at the matter in retrospect, taking into consideration the way in which the boy scout movement has grown and developed, we realize that this amount was totally inadequate and that at the present time it is quite unrealistic. In support of the need for this authority to hold additional real estate I should like to give the house a few facts with regard to the organization. Many of them are well known, but I think this would be an appropriate time and place to reflect on the advance made by this organization since 1914 and on the need for allowing them to hold increased capital.

It is 45 years since this association became an incorporated body. The dramatic growth of the movement to its present membership of nearly 256,000 has given ample proof of the effectiveness of the program which the association has undertaken. Unlike so many other organizations, the scouts do not confine their activities to urban districts and municipalities. They have reached out into remote hamlets in every part of this country. The association has extended its work until it has reached the Eskimos and the Indians in our northern territory. I myself became a boy scout through the medium of a little known portion of the movement called "The Lone Scouts" organized in areas where there were not enough boys or leaders available for a group to be formed. We formed small groups of three or four boys with a councillor or an assistant, and a great many boys bebecame scouts by joining the lone scouts organization.

The movement is of particular value in a country of such racial and religious diversification as Canada. The ranks are open to boys of every faith and of every racial background. The emphasis is on duty to God and loyalty to country and this is of immense importance in a country where we are trying to weld together into a single Canadian people citizens who come from every continent and who claim every country as a birthplace or country of origin. The appeal of the scout movement is not only to groups of differing religious or racial background. The movement also serves the blind, the deaf, the crippled, and the mentally retarded. It gives young lads in these unfortunate circumstances an interest in life—a feeling that they have something in common with other boys who have the normal advantages. A great work is done in such special troops.

The organization does not forget the military personnel. It has organized troops in Europe and in overseas bases to such effect that nearly 1,000 boys belong to the scout organization at army and air force bases in France and Germany. The boy scout program is offered to organizations interested in the development of good citizenship in this country, and it is interesting to note that 50 different organizations sponsor boy scouts groups—churches, service clubs, home and school organizations among them. In fact, almost every organization which is concerned with the welfare of youth and of Canada is either sponsoring a scout group or giving one active support.

Many of our leading citizens have been members of the scout organization, including, I am told the Prime Minister (Mr. Diefenbaker) and several members of his cabinet, many hon. members of this house and a number of hon. senators from the other place. I have spoken to a number of hon. members of this chamber in connection with the scout movement while this bill was in preparation, and almost every one of those to whom I spoke said he had been a member of the scout organization in his youth. My neighbour, the hon. member for Waterloo South (Mr. Anderson) tells me he was the first wolf cub in Galt, and that was quite a few years ago. Leaders of religious, educational and many other groups in Canada have not only belonged to this organization but continue to support it. Today, more than a quarter of a million boys are receiving training under more than 25,000 dedicated leaders whose only reward is the knowledge that they are making good citizens for this country. Because of its system of sponsorship and its ability to take its program to the smallest communities in Canada, the boy scout association is serving more boys than all the other youth character training agencies combined.

Much is said today about juvenile delinquency. This is a phrase which I do not much like, but it has become part of the nomenclature of social welfare work in Canada and I suppose we must accept it.

The scout organization has done a great deal in a positive rather than a negative way to prevent juvenile delinquency and to advance the cause of the development of good citizens in Canada.

In all frankness I must point out to the house that this bill has a retroactive effect. It is feared that the limit provided in the original act of incorporation has now been exceeded many times. The organization feels that to remove any doubt as to its title to various lands it holds retroactive effect must be given. There were similar associations organized at about the same time most of which had a similar limitation on the real estate held and several have already been required to come back to parliament to ask that the ceiling be lifted.

I do not wish to burden the house with details of the real estate held by the boy scouts association but I shall simply state that in the early days an attempt was made to record centrally all real estate that the association owned or that was held for it. As the movement grew such central recording became impossible. Scout groups in some cases own their own premises. In some cases the title is taken in the name of the central board. In still other cases the title is taken in the name of trustees. It is therefore difficult to know exactly how much real estate is held but it exceeds many times at this moment the amount originally authorized.

Most provinces have their own offices and campsites. The Canadian general council owns its own headquarters, property on which a new headquarters is to be built, and a property in the Gatineau that will provide income. I have great pleasure in moving second reading of this bill.

Mr. J. F. Browne (Vancouver-Kingsway): Mr. Speaker, it is a great pleasure for me to have the opportunity this afternoon to say a few words in support of this measure introduced by the hon. member for Parry Sound-Muskoka (Mr. Aiken). As the hon. member pointed out to us the purpose of this amendment is to repeal the financial limitations that were placed on the Canadian general council of the Boy Scouts association at the time of its incorporation. I do not think we should be surprised that a measure of this nature has come before us today when we realize that this organization was incorporated some 45 years ago and when we consider prices in those days as compared with current prices.

As the hon. member also pointed out, the limitation initially imposed has unfortunately probably already been exceeded and therefore the bill includes a retroactive feature in order to cover the operations of the organization. I believe that can be explained not only by the great expansion of the association but by the increased value of property and other developments that have occurred since the time of the incorporation of the association.

In reviewing discussions that occurred at the time of the original incorporation the question of the financial limitation was one of the two main points that were raised.

The other was the fear that was expressed about this being a military organization which perhaps arose because of the association of Lord Baden-Powell with the army. However, I believe that fear has been dispelled and every hon. member of this house will agree that the boy scouts association has made an extremely notable contribution to the welfare of the youth of this country. One of its purposes throughout the years is to make good citizens of our youngsters. I believe it has been highly successful in this respect and to that extent it may have had some connection with the army because many of the chaps who were members of the organization went on to serve their country faithfully during the war.

Preparation for military service was not, however, the primary purpose of the organization. The association has made a great contribution to almost every aspect of our national life. While we are speaking here of the Canadian boy scouts association it could also be noted that there are groups in some 57 nations and therefore they play their part in building up better international relations throughout the world.

In terms of legislation this bill appears to be of a minor character but the amendments it embodies are of great importance to the association in helping them carry out their activities. At this time I feel it is fitting that we should pay tribute to the many thousands of leaders who have devoted their time and energy to directing boy scout groups throughout the years. As the hon. member for Parry Sound-Muskoka mentioned, most hon. members of this house have been associated with the boy scouts in one way or another throughout the years and are perhaps particularly aware of the values arising from the organization. We all know from our own experience that in most efforts of this kind it is difficult to find people who will devote their time and energy year after year to the work being carried on. Sometimes organizations of this kind are started and later fall by the wayside through lack of volunteer support. For that reason I wish to pay tribute to those selfless individuals who have devoted their time to serving as leaders of these groups thoughout the years.

Because of the association of many hon. members of this house with boy scouts over the course of time it is perhaps fitting that we pay tribute at this moment to the contribution made by the late Lord Baden-Powell. In closing my remarks I should like to draw to our minds a statement he made in what he intended to be his last message to boy scouts throughout the world which I believe sets out many of the concepts of that organization as he conceived them in his mind. It might be well for us to reflect upon them and to bring them again to our own minds at this time. I wish to read a portion of the last statement he made to the organization, commencing approximately half-way and continuing to the end:

> I have had a most happy life and I want each one of you to have as happy a life too.
>
> I believe that God has put us in this jolly world to be happy and enjoy life. Happiness doesn't come from being rich, nor merely from being successful in your career, nor by self-indulgence. One step toward happiness is to make yourself healthy and strong while you are a boy, so that you can be useful and so you can enjoy life when you are a man.
>
> Nature study will show you how full of beautiful and wonderful things God has made the world for you to enjoy. Be contented with what you have got and make the best of it. Look on the bright side of things instead of the gloomy one.
>
> But the real way to get happiness is by giving out happiness to other people. Try and leave this world a little better than you found it and when your turn comes to die, you can die happy in feeling that at any rate you have not wasted your time but have done your best.
>
> "Be prepared" in this way, to live happy and die happy—stick to your scout promise always—even after you have ceased to be a boy—and God help you to do it.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I am sure that all hon. members are very glad to see the necessity of this amendment contained in this bill. To a great extent it shows that the assets of the boy scouts association have grown in this country in the last 45 years. The corollary, of course, is the great growth of the organization itself.

The two hon. members who have preceded me supported this bill and pointed out many things which are complimentary to the boy scouts association. I do not wish to repeat what they said but there are some further observations I should like to bring to the attention of hon. members and indirectly to the country at large. Like the previous speakers, I was a member of the boy scouts organization and I have no hesitation in being a strong protagonist of the movement. First of all, I think the boy scouts organization can be a great help in the world at the present time not only from the national point of view but from the international point of view; this affects us all very much.

As we all know, no country in the world lives unto itself today. We are not an island. The international character of the boy scouts has already been pointed out. It is organized in 57 different countries of the world and it does a very great deal to bring about international understanding among different races, cultures and religions at an early age in people's lives. This is a very important thing, Mr. Speaker. When we get older habit patterns and prejudice are set in our minds. If we can form the right habit patterns and the right attitude and feeling toward people in other countries at an early age those habit patterns are not easy to change. This is one of the great contributions of the boy scout movement.

Every year they have international jamborees and young people from 12 to 18 years of age have the opportunity to associate with people of the same age in other parts of the world. It is a wonderful opportunity to create mutual understanding which lasts all through people's lives.

We all have great interest in the work of the United Nations and in our ultimate aspirations toward one world. I can think of no organization that does more to further those aspirations of everyone in general, as I have already said, at the proper age level, than does the boy scouts.

I do not think I could add to what has already been said regarding the fine work that the organization does for Canada itself. I believe the hon. member for Parry Sound-Muskoka pointed out the excellent work the organization does to prevent young people falling into the trap of juvenile delinquency. As our society changes, and particularly as it changed during world war II and after, we find that quite often both parents go to work instead of just the proverbial breadwinner, the father of the family. Because of this factor in our society at the present time some of the discipline and training formerly given at home are not given there perhaps to the same extent as they were in the past. The fine character building and disciplinarian training that the young people get in the boy scouts organization help to give them moral values which they must have later in life. It also provides them with the necessary disciplinary training.

In other countries of the world, Mr. Speaker, in most other NATO countries, as a matter of fact, compulsory military service for teenagers at some period during that time of life provides a great deal of the discipline. Of course, in other countries with which we are not associated, such as the totalitarian countries, military training of one sort or another goes on for a much longer period. However,

I think that the boy scouts movement, without having any of the disagreeable or detrimental aspect of military training, does much to provide the necessary discipline at an early age which stands people in good stead later on in life.

One other observation I should like to make, Mr. Speaker, is that Canada is a particularly suitable country for the boy scouts movement to work in. When I say this, I have particular reference to the geography and the climate of Canada. We have a great country, full of lakes and rivers, a fine country for outdoor living. The training of young people in the boy scouts movement will be a great help to them in later years, not only from the disciplinarian point of view or from the character-building point of view but from the point of view of being able to enjoy the leisure time which is now becoming more and more available in our economic system. Because of the work of the trade unions and the general attitude of people throughout the country those who toil now have more leisure time and the big problem is to know and understand how to appreciate properly one's leisure time. Instead of sitting watching television programs people at an early age are learning to appreciate the out of doors with the accompanying pleasure, enjoyment, relaxation and piece of mind that come from appreciating the out of doors. This training is given well in the boy scouts movement.

It has always been a pleasure to me to see the recognition that the federal government has given to the boy scouts, chiefly because of its work in citizenship. In the estimates of the Department of Citizenship and Immigration each year a grant of $15,000 is given to assist the movement. In 1955, when the world scout jamboree was held in Niagara Falls, the Postmaster General (Mr. Hamilton) recognized this by producing a commemorative stamp on that occasion.

I should like to say a word in regard to the girl guides association, which is the sister or counterpart movement of the boy scouts. It does the same kind of work and everything that has been said about the boy scouts also applies to the girl guides. The federal government gives the girl guides the same recognition by also providing a grant of $15,000 a year. In 1960 the girl guides movement will be celebrating its fiftieth anniversary in Canada. I know this movement is anxious to have a commemorative stamp struck in honour of this occasion and I hope that at that time the Postmaster General will give the girl guides the same treatment as he gave the boy scouts.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I intend to speak very briefly in this debate.

[Mr. Nesbitt.]

A matter of principle, of course, appears here and it has to do with the amount of property that can be owned by the Canadian boy scouts organization. This is not a new thing in this parliament. This is at least the second occasion this year on which a group or an association has had to come before us and ask that the amount of property they could hold be greatly increased. It does perhaps seem paradoxical that an organization whose motto is "Be Prepared", and which was founded almost 50 years ago when the nation was much smaller, and when $50,000 did seem like a large sum to members of parliament, could not think of this. As a consequence, I would like to ask the sponsor of the bill one question. Exactly what amount of property does the organization have? Can he give us a breakdown at least of the major items held by the Boy Scouts Association?

Mr. Aiken: I am ready to answer the question if no one else wishes to speak.

Mr. Speaker: I must inform the house that if the hon. member speaks now he will close the debate.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure that the Leader of the Opposition (Mr. Pearson), who is detained elsewhere, would have been very happy to say a word of tribute to the boy scouts association. This particular bill affords the opportunity of saying that we recognize the great inspiration and training given not only to the boys of our country but the boys of the commonwealth and boys in so many countries of the world. The boy scouts association, since the days of its founder, Lord Baden-Powell, has made a contribution to the unification of the commonwealth in its respective countries in spirit as well, of course, as providing our sons with incentives and inspirations that mean so much to the healthy development of the boys of our country and the boys of the world.

When one thinks that Baden-Powell served in South Africa under that great public servant, Alfred Milner, one realizes the influence of Milner on the then Colonel Powell. One also thinks of the great influence of Baden-Powell himself on countless numbers of young men who have served their generations and their countries as a result of the initial experience gained by them as boy scouts. Like so many other members I join, in the absence of the Leader of the Opposition who is at another meeting, in praising the work of this organization and I take advantage of this particular measure to say these words of approval in the hope that in some small way they will reflect

the unity of conviction that prevails in the house with regard to the great work of the boy scouts.

Finally, mention was made by the hon. member for Oxford (Mr. Nesbitt) of the girl guides. What one has said about the boy scouts one could say about them. I am happy to join with him, particularly because he comes from my section of the province, in the proposal he made for recognition of their anniversary by some action which, as he suggested, could more appropriately be taken by the Postmaster General (Mr. Hamilton). If the Leader of the Opposition were in his seat he would have said these words but I am sure he would have said them much better.

Mr. Pickersgill: As an old boy scout and as the minister in better days—

Mr. Speaker: I am sorry, but I must recognize the hon. member for Brome-Missisquoi.

Mr. Howard Grafftey (Brome-Missisquoi): Mr. Speaker, it is most certainly not my intention to take up too much of the time of the house but, like many other members, I represent a constituency where the boy scouts are doing most active and useful work. However, that is not my main purpose in rising at this time. My real reason for wishing to say a few words lies in the fact that I would be more than remiss if I did not bring to the attention of the house the fact that the boy scout movement in Canada includes not only the great host of boy scouts from coast to coast but also includes a great number of sea scouts.

I do not wish to pretend for a single moment that I am a prime example of the sea scout movement, but, in supporting Bill S-13, I should like to take this opportunity to say that the sea scouts association exemplifies all the qualities of leadership that have been mentioned by other speakers this afternoon. I should like to point out, the sea scouts organization prepared many boys for active service in the navy during the second world war. I should also like to voice my word of thanks as an old sea scout to the scouting movement and commend the bill to the most serious attention of the house. I am grateful for the opportunity to say a few words this afternoon.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, evidently not only was I prepared but I was too well prepared. As hon. members know, the motto of the boy scouts is "Be Prepared". I have always taken this seriously all my life and I think it is one of the best mottoes in the world. I also think that the boy scouts are one of the best organizations in the world. My only excuse for taking a minute or two of the time of the house this afternoon is that I was, as minister of citizenship and immigration and as Mr. Harris was before me, very much interested in promoting this work through the department, and I have no doubt that the hon. lady who now presides over the department also is.

Unfortunately—in fact, doubly unfortunately—I did not have the advantage that the hon. member for Brome-Missisquoi (Mr. Grafftey) had of being a sea scout. That would undoubtedly have stood me in good stead in later life. Unfortunately, I was brought up 2,000 miles from the sea and in the days before the Hudson Bay Railway was built even if one was quite prepared to be a sea scout it was rather hard in Manitoba. I believe that has been repaired now by including the Red river as part of the sea. But the sea scouts are, of course, a very important branch of the boy scouts, particularly on our coasts, and there is no doubt that they have added vastly to the value of the organization.

I should like to join with other members who have already spoken in saying that I hope the Postmaster General (Mr. Hamilton) will yield to persuasion and commemorate the anniversary of the girl guides with a stamp. I hope he will not regard it as a lobby, which seems to be very unfashionable with the government these days, but merely the gentle persuasion of the devoted women who have given their time to this organization.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I am very happy to support this bill, especially in view of the outstanding role played by the boy scout movement in the world and because here in Canada, all provinces are fortunate in having one or more branches of this world-wide organization.

Boy scouts play a significant role in the province of Quebec, more particularly in the federal constituency of Joliette-L'Assomption-Montcalm. The city of Joliette has a boy scout organization which is an asset to the town of Joliette and to the constituency of Joliette-L'Assomption-Montcalm.

Scouting in Canada provides useful training; it teaches the young the spirit of sacrifice, of devotion to the community and trains him to be a better citizen.

I am glad to support this bill which will contribute to the growth of scouting in Canada.

(Text):

Mr. O. W. Weichel (Waterloo North): Mr. Speaker, I am very pleased to speak briefly in support of Bill S-13 having to do with the

boys scouts association. It was my privilege to act as chairman of the boys scouts in Elmira for over 13 years and I have seen this group benefit greatly from this very important work. In our community there are thousands of boys who belong to the scout movement. I believe that today we have between 6 million and 7 million boys all over the world in this great movement. Scouting and religion have a very close affinity. The rules of the association provide that every scout must belong to some religious organization and faithfully carry out his religious duties.

Scouting carries with it many promises. The wolf cub promises to do his best, to do his duty to God and the Queen; to keep the law of the wolf cub pack and to do a good turn to somebody every day. The wolf cub gives in to the old wolf, but does not give in to himself. The boy scout promise is:

On my honour I promise that I will do my best—
To do my duty to God, and the Queen,
To help other people at all times,
To obey the scout law.

Now, the scout law is as follows:

(i) A scout's honour is to be trusted.
(ii) A scout is loyal to the Queen, his country, his scouters, his parents, his employers and those under him.
(iii) A scout's duty is to be useful and to help others.
(iv) A scout is a friend to all and a brother to every other scout.
(v) A scout is courteous.
(vi) A scout is a friend to animals.
(vii) A scout obeys the orders of his parents, patrol leader, or scoutmaster without question.
(vii) A scout smiles and whistles under all difficulties.
(ix) A scout is thrifty.
(x) A scout is clean in thought, word and deed.

These promises, Mr. Speaker, when carried out are of great benefit to our country.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, I take pleasure in giving my humble support to this bill in favour of Canadian scouts. By his activities and participation in youth movements a scout is always a comfort to his parents.

Scouting is a training school which affords a young boy opportunities for contact with his fellow-scouts, and the instruction, education and training he receives in this association with them cannot fail to be very profitable to him as it has to others who, in the past, have had the good fortune to belong to that organization. Canada, therefore, can only benefit from the part these boys are playing in its growth and development. This youth training organization also allows young boys, from all countries, on the occasion of international jamborees, to become aware of their power and of the part they will be called upon to play later in society. Moreover, as a result of the contacts they make during those meetings, they are able to work in some measure for the preservation of peace which, unfortunately, is too often in jeopardy.

That is why, Mr. Speaker, I consider this legislation most appropriate and would not miss this opportunity to pay tribute to the scouts of my riding of Berthier-Maskinonge-Delanaudiere. They all know they will have to work hard to ensure not only their own welfare but that of all their fellow-citizens, for scout training has already proven its worth; indeed out of the ranks of scouts have come many men who have made their mark in politics and in government.

(Text):

Mr. Speaker: I must inform the house that if the hon. member speaks now, he will close the debate.

Mr. G. H. Aiken (Parry Sound-Muskoka): In closing the debate, Mr. Speaker, may I say that I was very pleased to find so many hon. members taking part and paying tribute to the scout organization in Canada. When I opened the debate I mentioned that apparently many members had been members of the scout organization during their lifetime. During the course of the debate it was revealed that almost all the members had either been scouts, scout leaders or actively interested in the organization. I find also that two or three of our hon. members have been awarded a medal by the scouts, and amongst them is the hon. member for Peterborough (Mr. Fraser).

There was one question asked by the hon. member for Halifax (Mr. McCleave) relating to the amount of real estate which the organization now holds. I think the house will be rather startled, Mr. Speaker, when I give these figures which I have in this file, especially in view of the fact that originally only $50,000 was allotted. The figures which I will give may not be entirely accurate because, as I stated, some of the real estate is held in trust for local groups and does not stand in the name of the national organization. However, I would give this list, which is in general terms.

In Vancouver, there are buildings to the value of $100,000 and campsites, $30,000. In Edmonton, there are two buildings totalling in value $40,000 and two campsites, $145,000. In Calgary, there is a building valued at $15,000 and a campsite valued at $25,000. In Regina, the building is valued at $20,000; Saskatoon, a building valued at $15,000; in Winnipeg, a campsite valued at $15,000; at Gimli, a campsite valued at $25,000; in Toronto, a building valued at $150,000 and

9 campsites totalling $150,00; in Haliburton, campsites, $30,000; in Hamilton, a building valued at $75,000 and a campsite, $25,000; in Oshawa, a campsite valued at $400,000; in Ottawa, a campsite, $50,000; a second campsite at $15,000. In Ottawa, there is also a building valued at $180,000 and two properties valued together at $85,000; Montreal, a building valued at $100,000, four campsites $150,000; Halifax, a campsite valued at $25,000, and in Charlottetown a campsite valued at $75,000.

According to my calculation, Mr. Speaker, the total of these items is $1,442,500. It will be readily seen from these figures that the retroactive feature of this bill is a most essential part of it.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

CO-OPERATIVE FIRE AND CASUALTY COMPANY

Mr. H. F. Jones (Saskatoon) moved the second reading of Bill S-15, respecting Co-operative Fire and Casualty Company.

He said: Mr. Speaker, it is an honour and pleasure for me to present this bill to the house at this time. For many years my family has been associated with the co-operative movement in western Canada. My father, Frank Jones, was one of those who was associated with Robert MacKay of Melfort, C. G. Davidson of Lloydminster, Warren L. Hart of Landis, Jock Wilson of Davidson, J. H. Robson of Feudal, and Jack Sample of Landis in providing some of the early stimulus to the development of the consumer co-operative movement in the west. As hon. members know, the co-operative movement is divided into two branches, the producers' co-operative movement and the consumers' co-operative movement, both making an important contribution to the welfare of this country.

The company in question is closely associated with both sides of the co-operative movement. For example, Mr. Speaker, on reference to the main statute we see that the principles of the consumer co-operative movement are recognized. Section 8 of the incorporating act of June 30, 1951 provides:

> Each holder of an insurance policy or policies issued by the company who is not in default in respect of his cash premium or assessment on his premium note, shall be a member of the company and shall have one vote.

In line with the general co-operative principles, qualification of directors is set out in the main statute in section 7:

> Any policy holder who holds a policy or policies of insurance of the company to the amount at least one thousand dollars, and who is not in default in respect of his cash premium or his premium note or any instalment or assessment on his premium note and who has paid in cash all liabilities incurred by him to the company shall be eligible to be elected as a director, but he shall cease to be such director if the amount of his insurance as aforesaid becomes reduced below the sum of one thousand dollars.

That is to say, Mr. Speaker, that the eligibility for position as a director in this company is such that almost any person who becomes a policy holder in this co-operative company may become a director.

I would now like to make some brief reference to some of those who started this company in 1951.

Mr. Speaker: I do not want to curtail a brief reference if the hon. member thinks it relevant, but the principle of the bill seems to be a very limited one. The act is for the purpose of increasing from 3 to 6 per cent the rate of interest which may be allowed on money contributed or paid under guarantee, and I doubt if any wide excursion into the affairs of co-operatives, or even of this company, would be warranted.

Mr. Jones: Of course, Mr. Speaker, it was not my intention to do that at this time; I merely wanted to give the background in order that hon. members could appreciate the nature of the co-operative whose incorporating statute we are being asked to amend, and in order that they might be assured of the responsible nature of the people who head this co-operative when request is made to this house for such amendment. I can assure hon. members that this request has been very seriously considered by people who have had wide experience not only in the co-operative world but also in the general world of business.

As all members know, this amendment was passed by the other place. The present officers of this co-operative are as follows: President, R. H. Milliken; vice-president, W. M. McEwen; manager, G. Lloyd Matheson; secretary, W. B. Melvin; and treasurer, H. J. Pinch. May I mention briefly some of the directors who will be known to members of this house. They are Mr. R. Stanley—

Mr. Speaker: Order. I really do not think it is relevant to this debate to give the names of directors or members.

Mr. Jones: —and there are others, Mr. Speaker. Hon. members may be assured of the serious nature of the request for this amendment. The change, as Mr. Speaker has already noted, is a relatively limited one set forth in the explanatory notes, namely that in view of the improved financial position of the company and the general rising interest rates over the last number of years since the company was formed in 1951 it was felt in

fairness to the contributing guarantors that the maximum rate payable should be increased. The suggestion is to increase the rate from 3 to 6 per cent per annum. The rate of 6 per cent has been selected to avoid further amendments to the statute.

Hon. members might be interested to note those who have contributed to this guarantee fund which is referred to in the section to which amendment is sought come from all across this country, from British Columbia to the east coast. This guarantee fund which has been established under the section now amounts to $572,150. The contributors are not only private persons but also other co-operatives. For example, some of the contributors are: Maritime Co-op Services, Manitoba Pool Elevators, Federated Co-operative Limited, Alberta Livestock Co-operative, Central Alberta Dairy Pool, and there are other co-operatives in each province right across the country.

At the present time the company is doing increasing business across the nation—in Alberta, in British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Saskatchewan. Many earlier years of hard work resulted last year in a favourable financial position being established at a time when trade in general in this particular line of endeavour had been difficult. In the words of the superintendent of insurance, the company has done amazingly well in a tough period.

I point out to hon. members who may wish to have further information that this particular co-operative is not one of the co-operatives which enjoy tax relief under section 68 of the Income Tax Act. This company has the same status for income tax purposes as every other Canadian fire and casualty insurance company; it pays taxes on its net income for the year at the regularly prescribed rates; it is not a marketing or producer co-operative as defined in section 73 of the Income Tax Act.

Having made these general remarks, I hope the house will see fit to approve the passage of this bill through second reading in order that this amendment, which will be favourable to this co-operative—a section of the great co-operative enterprise of this country—may go forward.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

FOOTHILLS PIPE LINES LIMITED

Mr. P. B. Rynard (Simcoe East) moved the second reading of Bill S-16, respecting the Foothills Pipe Lines Limited.

[Mr. Jones.]

He said: This is a bill to incorporate Foothills Pipe Lines Limited into a dominion company with its head office in Calgary. The foothill areas in the province of Alberta, like some other areas in this province, have a wet or sour type of gas as opposed to the dry type of gas, the usual type we have been dealing with. In this sour type of gas there are large amounts of hydrocarbon and hydrogen sulphide besides the natural gas. These products are separated from the natural gas.

When the production of gas in the province was a small operation and mostly involved the dry type of gas, it was quite possible for the small producer to extract and store the hydrocarbons and hydrogen sulphides, but the production of gas has now increased to the point where it is no longer feasible to do this. When the hidden production potential is considered it is obvious that new methods of handling must be devised, if we are not largely to lose the sales of these by-products. Furthermore, markets must be found outside Alberta for the sale of these by-products of gas. After a great deal of investigation, the economic and research statisticians feel that the cheapest method of handling is by pipe line to those parts of the country where it can be utilized in that area or shipped by boat to markets elsewhere—rail is much too expensive to carry these by-products.

There are various areas to which it would appear feasible to pipe. First, there is the great lakes areas of Fort William, Superior and Milwaukee. This would tap a market from these distributing centres of approximately two million tons. Second, there is the Pacific coast area, where the market is expected to reach between 250,000 tons and 350,000 tons. The third area would be the Chicago and St. Paul area now largely supplied from Texas and Oklahoma. This is an expanding market, and there are good prospects of selling these by-products there, particularly the lighter hydrocarbons—propane, butane and pentane. The propane will largely be used for heating and cooking, the butane for cooking and upgrading gasolines, and the pentane as a low grade gasoline.

Hon. members may ask: how can sulphur be shipped as a liquid in a pipe? It is done by compressing the gas into liquid hydrogen sulphide. It is obvious that hydrogen sulphide will be transported by separate pipe and that the hydrocarbons—propane, butane and methane—could be transported in the same pipe. The question might arise: why not ship by freight? First, the freight rates would be too high. Second, the necessary equipment would be too costly and, third, the cars would likely have to dead-head back

to their starting point. Another question might occur in the minds of hon. members. They might ask: why not use the present pipe lines? The answer of the gas interests is that the existing pipe lines would not be able to carry these products because they would contaminate natural gas or oil.

The starting point for this dual pipe line would likely be just outside Edmonton at Pine Creek. It is proposed that this pipe line be operated under the name of Foothills Pipe Line Limited. This would be a company sponsored by Pembrina Pipe Lines Limited of Alberta, a Canadian company with assets of over $26 million. The Foothills Pipe Line Company will be a subsidiary of Pembrina. It is proposed to incorporate this company at five million shares of $5 par value. This will be the first pipe line of its kind built in Canada, though there are examples of similar pipe lines in the United States where the by-products of gas are being successfully marketed.

It is for this reason that I would ask that this bill be referred to the committee where it can be looked into clause by clause with the experts who will be able to answer the various questions that may arise. I therefore move that Bill S-16 be passed to the committee.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

TELEVISION

REQUEST FOR EXTENSION OF SERVICE TO CHURCHILL CONSTITUENCY

Mr. Robert Simpson (Churchill) moved:

That, in the opinion of this house, the government should give early consideration to the advisability of suggesting the installation of a television service by the Canadian Broadcasting Corporation for the populated areas of the constituency of Churchill.

He said: Mr. Speaker, it is an honour and pleasure for me to have the opportunity of introducing the resolution that is before the house at this time. I introduce it with a feeling of deep responsibility because I am keenly aware of the importance of television service to the people in the area I represent and the great interest they have in this question.

At the outset I wish to emphasize the degree of interest that has developed and which is continuing to grow in the Churchill constituency with respect to the question of television service. Indeed, I feel that words alone cannot adequately convey to the house the degree of interest of the people there and I am sure that if some hon. gentlemen had the opportunity of visiting my constituency they would very quickly appreciate the intensity of interest in this question on the part of the people there.

I wish to make clear that I realize there are certain procedures to be followed with respect to areas interested in obtaining television service and with respect to licences being granted to individuals to operate stations and I and many others in my constituency have already complied with these requirements. Through consultation with officials of the Canadian Broadcasting Corporation I learned that representations for television service and licensing should be sent to the C.B.C. Such applications and representations are turned over to the Department of Transport for perusual and after having been considered from an engineering point of view they are sent to the board of broadcast governors for consideration. The board publicizes the application in the *Canada Gazette* with four weeks notice concerning the hearing of the application. Representations may be made from various parts of Canada. The board then recommends what may be done.

I have personally complied with this procedure and practically every town council, service club and other group in the Churchill constituency has forwarded representations to the C.B.C. or to me for forwarding to that body but as yet no commitment has been made. It is for this reason that I welcome this opportunity of bringing to the attention of this house and the government the sincere desire of the people in that area to have some consideration in this regard as quickly as possible.

In the Churchill constituency there are between 45,000 and 50,000 people and it would not be possible to extend services at this time to people throughout the entire area because some settlements are in outlying regions and it would of course take some time to extend the service to those areas. The resolution before us, however, deals mainly with the desire for having television service extended to the populated areas of the constituency. The most heavily populated areas are the district of Swan River, The Pas and Flin Flon. In addition to the number of people in the Churchill constituency to whom I made reference there are upwards of 70,000 people who could also be served by television coverage in that area because there are adjoining places which would naturally benefit from the passing into the Churchill constituency.

In order to demonstrate the vast amount of interest in this question that prevails in the Churchill constituency I might state that

we have three weekly newspapers in the area and two daily newspapers in one of the towns. There are not too many towns or cities in western Canada that have two daily newspapers. Although these two dailies are not very large, each and every day they bring to the attention of the people the views and happenings in and around Flin Flon. Not a day goes by but that one sees in either the daily or weekly papers reference to the interest of the people in the district in acquiring television service. This has been the case for the last 16 or 18 months.

One representative headline reads:

The television picture for Flin Flon is far from clear at present.

In a recent issue of the newspaper published in The Pas, Manitoba, the entire editorial section on the second page was devoted exclusively to the subject of television. This particular one deals with the ill-fated test of low-power relay in the area. It says:

It seems that regardless of the outcome of the tests, the final answer to television or no television will rest with the C.B.C.

This is so in the case of the people at The Pas and Flin Flon and it may well also be so in the case of Dauphin. Even if the C.B.C. does agree to do something, when will it happen? All of the newspapers are much the same. Each and every one of them has television as one of its main interests. I hold in my hand a newspaper which has a reference to T.V. tests on the front page, and again they are referring to those low-power relay tests which were recently carried out in Manitoba. A great many people were discouraged because they thought that television was possibly coming into the area. Therefore, hon. members can appreciate their feeling when they learned that it was a failure. Every one of the papers that I pick up, Mr. Speaker, has television all over the front page. Another one says in a headline that Brandon is interested in putting television into northern Manitoba. Across the page it says, "Yorkton also has a Plan"; that is, a plan for putting television into northern Manitoba. Part of an editorial in the *Northern Mail* says:

The outcome is like the attitude that has up to now been expressed over T.V.

They were referring to the royal tour of next year. We hoped that Her Majesty the Queen and Prince Philip would be coming to northern Manitoba. All of the papers deal with the matter in the same way.

I have many more papers here. Each and every one of them talks about television. I have numerous petitions. I notice that when petitions have been sent to Ottawa recently in regard to other representations we see a great many pictures of them in the paper and one thing and another. These are only a few that have come to my office during the last few days. There are hundreds and hundreds of names on them. However, most of them have been sent directly to the C.B.C. itself. These have come to me and the people are asking me to turn them over to the C.B.C. for consideration.

I might also say, that I have resolutions asking for television passed by the Flin Flon town council, the Flin Flon chamber of commerce, the Swan River chamber of commerce, The Pas chamber of commerce, The Pas town council, the village of Bowsman, Bowsman chamber of commerce, the village of Minitonas, and many others. All through the area, Mr. Speaker, those people are spending a great deal of their time and effort to convince the C.B.C. that television is very much desired in that area.

I should also like to point out that there are other reasons why those people should be given consideration. Throughout the years the people of the populated parts of Canada have expected other people to go into the north and pioneer, and that has been done. Many of the people in this area are the original pioneers, or the descendants of the original pioneers, in that area and they are getting to the stage now where they feel that some of the amenities of life which are lacking in the area should be given to them as quickly as possible. I think that television in northern Manitoba ties in with the northern development plan. If we are to keep skilled key workers in industry in the north we must give them every consideration. I know of many families that have left our area simply because there is no television for them and their families. Many of them have used that as their main reason for leaving. If we are to develop the north then we must give every consideration we can to the provision of television for the people.

Many of the people in my area know what the C.B.C. policy has been in regard to new extensions in other areas. Many of the people seem to think we should have it because we have the microwave system already constructed by the Manitoba telephone system. I agree that that is a major step forward, but I should like to point out to the house, as I have tried to point out to the people, that the C.B.C. plan of operation has not been to construct those microwave lines themselves. They have under contract the Trans-Canada Communications system, which constructed the trans-Canada microwave system along with the Bell Telephone Company. The C.B.C. also allows those people to deal with various provincial telephone companies which have microwave systems and are willing to equip them with television

facilities and will rent them out on an annual rental fee basis. This is what the C.B.C. have been doing so far; but we do, as I say, have a microwave system in the north now.

Many of the people also believe that the obligation of the crown corporation is to serve areas where private enterprise does not seem too interested to come in. Some feel that the C.B.C. must have the lucrative areas. There are two schools of thought. Personally, I think the C.B.C. should give more attention to servicing the areas which private enterprise has not shown a great deal of interest in and possibly make a further change in their plans in the lucrative areas. I say this, because section 8 of the Canadian Broadcasting Act says:

> The corporation shall carry on a national broadcasting service within Canada and for that purpose may:
>
> (a) maintain and operate broadcasting stations;
>
> (b) establish, subject to approval of the governor in council, such stations as the corporation may from time to time consider necessary to give effect to the provisions of this act.

I say that subparagraph (b) relates to the first part. It says that the corporation shall carry on a national broadcasting service within Canada. It is my feeling that in order to carry on adequately a national broadcasting service, those areas that private enterprise have not shown too much interest to go into should be given full and possibly even first consideration.

We come now to the matter of private enterprise in our area. I might say that their activities have been very welcome as far as most of us are concerned but at the present time I think they are adding a certain amount of confusion to the issue. In talking about private enterprise I should like to start by saying that a year ago apparently there was no interest on the part of private enterprise in going into the area. However, times have changed.

A little over a year ago a firm named Northwest Electronics Limited came into the area and tried to interest people in the installation by the firm of a low power relay system. These people went to Flin Flon but were not able to do too much there. They had a promotional idea involving the setting up of the equipment and turning it over to a community organization. The idea did not take fire at all. I could not see it myself because it was too much of a promotional venture.

However, just before the last provincial election this firm made a deal of some kind with the former Manitoba government under which the company would endeavour to put television into the Dauphin area and if they were successful they were going to go into Churchill to try to interest people there. Perhaps I might refer to an editorial in the Winnipeg *Tribune* of February 26, 1959 dealing with the activities of this company. The editorial reads as follows:

> Manitoba is now paying $15,000 for one of the last minute election follies of the Campbell government. As an inducement to the people of northern Manitoba to vote for Liberal candidates, the former government promised to extend television into the north.
>
> An arrangement was made with a private firm to test a system of relay towers to Dauphin, an arrangement so hurried that it was not even recorded in a regular contract, only in a letter by the former minister of industry and commerce. The test has ended in failure. But according to the terms of the letter, the province committed itself to pay the company $15,000 even if the system proved unworkable.
>
> The present government considers itself morally bound to pay this amount. This is a proper recognition that a government must honour even the hasty and unwise commitments of its predecessor. But from the fiasco Manitoba can learn a lesson. Television is a federal matter, not a provincial responsibility. If television can be taken into northern Manitoba, the C.B.C. should take it there, not the province.

The announcement that this attempt had failed, which was made only about four weeks ago, brought about further interest on the part of private enterprise in this area. The first interest noted came from the station in Yorkton, Saskatchewan, which announced that it was going to apply for a licence to construct a satellite station in the Duck mountains to service the Swan River and Dauphin area. Then there was an announcement by the operators of the Brandon television station who said that they were going to apply for permission to build four television stations, one at Dauphin, one at Swan River, one at The Pas and one at Flin Flon if the C.B.C. would agree to pay the annual rental charges of a microwave system to that area. Later the radio station at Flin Flon made an announcement which clarified the policy of that station definitely for the people of that area.

As I said before, all these things are of tremendous interest to us but I think that with them all coming at one time they are creating a certain amount of confusion and I should like to suggest a way to clear up the confusion. To bring out the point I want to make I should like to refer to a news item in the Dauphin *Herald* of March 12. It reads as follows:

> Dauphin town council went on record Monday night with a resolution urging the board of broadcast governors to expedite the processing of applications for establishment of television broadcasting facilties in the Dauphin area and northern Manitoba. The council's resolution read in full:
>
> "It being understood that several applications have been made or will be made for the establishment of television broadcasting facilities in Dauphin and other points in northern Manitoba, be it resolved that the council of the town of Dauphin

request that these several applications be dealt with by the board of broadcast governors as quickly as possible in order to provide to these points in northern Manitoba the best possible T.V. service at the earliest possible date.

The several applications include the application from Yorkton to establish a satellite station and the application from Brandon to establish four stations if the C.B.C. will pay the microwave charges. Then there was the announcement by the Arctic Radio Corporation Limited which owns the radio station at Flin Flon in these words:

> The Arctic Radio Corporation Limited, which owns and operates radio station CFAR, Flin Flon, believes that the residents of the area it presently serves by radio are entitled to the same quality and standards of television programs as those enjoyed by the majority of Canadians elsewhere.
>
> The Arctic Radio Corporation believes that it should now be apparent to all concerned that this standard can be achieved only through the extension of the C.B.C. microwave network into the area. If the C.B.C. undertakes to furnish network service to the area the Arctic Radio Corporation is prepared to discuss with the proper authorities the establishment of television broadcasting facilities in the area.
>
> The Arctic Radio Corporation will not, however, participate in or support any scheme or proposal which would result in bringing to the people of Flin Flon and area television programs below the standard and quality of those enjoyed by the majority of Canadians elsewhere.

That is the situation with respect to private enterprise wanting to go into the area to operate stations. I say that it may be causing a bit of confusion because here we have town councils suggesting that the board of broadcast governors expedite these licences and get things cracking as quickly as possible. I believe that the most important thing at the present time is to get a commitment from the C.B.C. with respect to whether they will pay the microwave charges involved in bringing television into the area. If licences are given to this operator or that operator we are only going to confuse the issue a great deal more because some of them are willing to operate satellite stations and others will only come into the area if the C.B.C. will provide the microwave facilities.

I realize that my time is getting short, Mr. Speaker, but I should like to emphasize that a favourable decision from the C.B.C. in the very near future would clarify this point and would also make the situation much more satisfactory to the individual station operators who are anxious to go into the area.

May I say that even in the days of radio the area of northern Manitoba was sadly neglected. Even today, there is no broadcast line in Manitoba north of Brandon. We have to rely on the C.B.C. regional station at Watrous, Saskatchewan, and that is not very satisfactory for a great many areas. There are many areas in northern Manitoba that cannot even pick up these regional broadcasts, so I think the C.B.C. has had a very light financial burden so far as the northern Manitoba area is concerned.

Last year at my request a survey was made to ascertain the approximate cost to the C.B.C. of putting television into the area about which I am talking. Although the C.B.C. has not made these figures public I have, as a result of talking to various people in the Manitoba telephone system, which also put in quotations on the cost, and as a result of talking to people in the C.B.C., learned that quite a large sum may be involved. I should like to briefly discuss what it might possibly cost to do this. I have reason to believe that the annual rental charges for the microwave relays necessary to serve the area north of Flin Flon could amount to about $300,000 a year. Now, if the C.B.C. were to look after the whole program, including outlet stations, it has been calculated that it might cost $1 million extra to construct these outlet stations. If this amount were written off over a period of 10 years, that would add another $100,000 a year to the annual cost. We would then have an annual rental of $400,000 to service this area. I do not know how close these figures are to the C.B.C. estimate, but I feel they are somewhere in the neighbourhood of the C.B.C. figures.

This may seem like a large sum, but let me remind hon. members of the extreme interest of the people in this area. I might say, truthfully, that the people who have television now cannot see why people should be so interested in obtaining it. However, I should like to know how great the hue and cry would be if the C.B.C. said they were not able to carry the Grey cup game because it cost too much or perhaps the world series or the Saturday night hockey games. I am sure we would hear a great hue and cry from the people of the populated areas of Canada. They would say, it does not matter how much it costs, we want it. I would not be too surprised if they got it.

I do not believe we should feel that $400,000 annually is too great a sum. Let us break that down. I asked the C.B.C. what formula they used in deciding whether or not an area should be serviced. They said they had a formula but they did not make it public. This is quite all right. However, I find that in a bulletin issued by the Canadian broadcasting league reference is made to the fact that the cost for C.B.C. television is 3.3 cents per household per day. If you work that out on a yearly basis it means a cost per household of roughly $12.04 for the present C.B.C. television service. If television services were

provided for the Churchill constituency they would serve, including the area around Dauphin, around 30,000 households at an annual cost of $400,000. If these figures are correct it would mean the cost per household would be $14.28 as against the present cost of $12.04 for the rest of Canada.

However, I do not think we should become alarmed at that. I make this statement for two reasons. What kind of formula is it that permits the C.B.C. to say that if the costs of service run to more than $12.04 per household they cannot service that area or they must give some other area consideration? What kind of formula is it that permits the C.B.C. to say to the people of the north, who are not getting television service, that they cannot get it because the costs per household are too high? These people are told they cannot get it, but still they are paying for it. What basis, then, have we for using that formula?

The most recent figures which have been published concerning the average wages received in the various areas of Canada indicate that the towns of The Pas and Flin Flon contain wage earners who have the highest average in the Dominion of Canada. I would assume, therefore, that they are paying the highest taxes. We come back, then, to the formula which shows that the costs of servicing this area are higher than the costs for the rest of Canada and the C.B.C. says, although you do not get it you still have to pay for it.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Simpson: Mr. Speaker, when the house rose at six o'clock I was discussing the possible cost of the bringing of television by the C.B.C. into the northern part of Manitoba. In my brief closing remarks I would like to point out to the house, and bring to the attention not only of the members of this house but possibly of the board of broadcast governors, that this possible cost of $400,000 annually should not be regarded as exorbitant or too costly. I am informed by the C.B.C. that if anyone were to make application to operate a television station in Manitoba with the kinerecordings which would be supplied by the C.B.C. they would recommend that a licence be granted, and that kinerecordings alone would cost the C.B.C. in the neighbourhood of $150,000 a year. If two operators wanted that service—and we would need more than one station in that area—the cost would amount to $300,000; so we must not consider the sum of $400,000 as being in any way out of the question.

In the brief moments I have left I would like to thank some of the people in northern Manitoba who have been so very kind in giving their time and efforts to assist in bringing this matter to the attention of the C.B.C. I would like to thank Mr. Jim Leggett of Swan River and the various town councils and chambers of commerce; the Flin Flon *Miner* and the Flin Flon *Daily Reminder*; the *Northern Mail* of The Pas; the Swan River *Star and Times*. I would also like to thank radio station CFAR of Flin Flon for keeping the people in that area well informed as to what the situation is in regard to television in the area and the policy of that station. I would also like to say once again that the people of the area are very gratified at the interest presently being shown by private entreprise in applying for stations. But I did mention that it was adding a little confusion, and I think I am right. I would therefore recommend that the C.B.C. decide as quickly as possible if they will pay the annual rental charges of a microwave system. Then the board of broadcast governors should decide which of these applicants has the most satisfactory qualifications to operate stations, and get the job done as quickly as possible.

(Translation):

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, the few remarks I wish to make at this stage, in support of the resolution introduced by the hon. member for Churchill (Mr. Simpson), will be very brief. The resolution reads as follows:

> That, in the opinion of this House, the government should give early consideration to the advisability of suggesting the installation of a television service by the Canadian Broadcasting Corporation for the populated areas of the constituency of Churchill.

In his plea in favour of his constituents, the hon. member pointed out the importance of his resolution and the interest which it has for the area he represents. He also expressed the wish of the people of his constituency in regard to a television service, such as the whole people of Canada are entitled to have. He also mentioned that such facilities could serve a population of about 45,000 in his constituency, or approximately 30,000 homes in the area. He also referred to the numerous requests, letters and articles published in local newspapers in favour of such a measure.

Mr. Speaker, I represent a constituency where television facilities are also completely lacking. I am therefore in a position to

sympathize with the hon. member for Churchill, and I recognize the merit of his request.

Indeed, in northeastern New Brunswick and in two constituencies of Gaspesia, a population of over 240,000 is deprived of all television facilities. Among that population, more than 165,000 French speaking Canadians would like to get their share of such a service, through the medium of the C.B.C. French network.

That is why, Mr. Speaker, I am entirely in favour of the resolution. I am certain that the voters in my riding, as well as those of the constituencies of Northumberland-Miramichi, Restigouche-Madawaska, Bonaventure and Gaspe, would be most interested in getting from the C.B.C. the share of service to which they are entitled. The people in my riding are contributing their share in taxes and therefore, like those in other areas, are paying part of the cost of the C.B.C.

I hope, Mr. Speaker, that when the board of governors of the C.B.C. studies the request of the hon. member for Churchill, it will also favourably consider the wishes of the people in my riding who have sent him a great many requests and letters, as well as to the Minister of National Revenue (Mr. Nowlan).

(Text):

Mr. G. E. Halpenny (London): Mr. Speaker, I am sure the terms of the motion of my very good friend, the hon. member for Churchill (Mr. Simpson), which is before this house will meet with the sympathy of all hon. members on both sides of this house. The importance of the welfare and general happiness of those Canadians who live far from metropolitan areas, especially the people who live in areas similar to those represented by the hon. members for Churchill and Dauphin, is a matter of real concern to the government and to broadcasters. In spite of what some of us may think of it, television with its tremendous capacity for entertainment, information and education can do much to relieve the isolation of the north and provide a living link with the great metropolitan centres, indeed with the whole world. In fact, a good case can be made for providing television to the more remote areas—because of the peculiar advantages it offers. In urban and rural areas particularly, these advantages are often available from several other sources; but in the north television may be the only source of any one or all of them. In such amount of homework I have been able to do on this subject, I have contacted and talked with members of the C.A.R.T.B. and with the C.B.C. As you know, the C.A.R.T.B. are the private broadcasters. I discussed the question of extending television as quickly as possible to those areas of low population density which do not enjoy television service.

To better understand the present situation it might be well if I briefly reviewed the development of television since it first came to Canada in September, 1952. In 1951 the report of the royal commission—that is the Massey commission—recommended that Canada should have a national television service similar to the national radio system. Specifically it said that the C.B.C. should go ahead with plans to provide national coverage and to produce a program in both French and English. Another suggestion made by the commission was that private stations be required to serve as outlets for national programs. This followed the pattern already established in radio.

In 1952 the former government announced that only the C.B.C. would be allowed to build and operate television stations in the six largest cities of Canada, with each station representing a major geographical division of our country. The then government also announced that applications would be received from private stations to serve areas outside those covered by the C.B.C. transmitters. The intention was that the C.B.C. transmitters would serve as a framework or skeleton for a national television service with production centres in most regions. This would give the national service, made up of independent stations and C.B.C., the chance to reflect the regional as well as the national characteristics of Canada. It would also give opportunities to artists, performers and writers in each region.

Since September 1952 between 85 and 90 per cent of Canadians have been brought within range of a Canadian television station at reasonable cost. This compares very favourably with the United States which have had television for a few years longer than we, and yet reach proportionately fewer of their citizens than we do in Canada. The fact that approximately 90 per cent of Canadians now receive television signals is a creditable achievement in view of the size of our country and its low population density. In fact, I do not know of any other country in the world where the growth of television coverage has been quicker. And let us not underestimate the strain on our resources necessary to build this service. Communication has been one of our major preoccupations since confederation, and each new development in technology throws up new challenges to our ingenuity and financial resources.

It fell upon our national system as the instrument for carrying out a broadcasting service to provide a television service in areas which, because of low population density, were not sufficiently attractive to private station operators. The corporation had already gone through a similar experience in providing radio service through the development of the low power relay transmitter. There are now nearly 60 of these located in communities where no other reliable broadcast service is available. I understand the corporation decided some time ago that a similar device might provide a solution in extending television coverage.

In making plans to provide television service to small remote communities it would appear that the C.B.C. applied the same standards that it had devised when the radio service was under development. These standards or criteria were intended to keep planning within practical limits and to ensure that public funds were spent where the most people would benefit.

Where an expensive service is provided through public moneys it is always difficult to know when to stop extending the service to reach more of the people who contribute the funds. Theoretically, because all Canadians contribute to the national television system they are all entitled to roughly the same service. In practice it is not possible to treat everyone in exactly the same way, and the expense of bringing service to all parts of the country is prohibitive and unjustified. This is not new in a sparsely settled country like ours. The provision of public services such as railways, highways, schools and hospitals cannot come at the same time everywhere because the costs may be out of proportion to the number of citizens who benefit. Generally speaking, the more costly the installation, the larger the population must be to justify the extension of the services.

I will briefly outline some of the factors that influence the planning on extending television service to remote areas. I understand that in order to qualify for consideration the population of a town or village should exceed an established minimum. The C.B.C., for instance, would not operate a station in an area covered by an existing or proposed private station. Second, a broadcast channel assigned under international agreement would have to be available in the area. Third, a thorough study of each area to be served would be needed to find the most economic way and most effective transmitters to serve them.

Then further, close study would be given as to how best a signal could be sent to the transmitter, whether by (a) network connection, (b) off-air pick-up from another transmitter, or (c) television recordings. It would also be necessary to calculate the annual operating costs, including amortization, per television home served, so that we would know the per unit cost of serving each home. Finally, other things being equal, I understand the corporation believes that the transmitter which offered the lowest unit cost service should be installed first.

Now to get down to cases, I am informed that the capital cost of building transmitters at four of the more populated areas in the Churchill and Dauphin constituencies would be approximately $1 million. The annual operating costs, including the rental charges on a microwave connection from the main transcontinental microwave system, would be approximately—and here I disagree with the hon. member for Churchill—$450,000 per year. If the stations were to be serviced by television film the operating costs would be about $600,000 per year. There are, according to the best estimates, about 40,000 homes in the area that would be served by the requested four transmitters.

On this basis the capital and operating costs per thousand homes served comes rather high and I do not feel that any private broadcaster would take a chance faced by these extravagant costs. I think he would be very unwise to set up a private station in these areas. Then we must take into consideration the fact that there are 40 or 50 locations in Canada which are similar to those about which the hon. member for Churchill was speaking. Simple multiplication will show what the ultimate cost to the public treasury will be if we are to make television available in the homes of perhaps 40 or 50 such communities.

In 1956 the corporation submitted to the royal commission on broadcasting, as will be found on page 220 of the Fowler report, a capital program for covering areas not then receiving a television service. This capital program was for a period of seven years and provided for the progressive extension of coverage as well as for other developments in the television and radio field. I am also informed that plans for a further revision of coverage will be reflected in a five-year capital program to be submitted to the government by November of this year. This is done in conformity with section 35 of the Broadcasting Act. Therefore, provided that this parliament approves the corporation's program, we can expect a progressive extension of television service to many remote

areas over the next few years. When coverage of the populated areas of the constituencies of Churchill and Dauphin can be brought into being should depend, in fairness to the other 40 or 50 similar areas, on the comparative per unit cost of such service.

I feel sure that the hon. member for Churchill will agree with me that this government is aware of the obligation to bring national television service to every Canadian home where it is practical to do so. However, as I have pointed out, there are many formidable obstacles both technical and financial in the way of the accomplishment of this objective at the present time. With new technical developments and a carefully planned scheme for extending television service it is hoped that we can duplicate and perhaps even improve the enviable record we have for radio coverage in this enormous country where 96 per cent of our people are presently served by our radio system, both private stations and the Canadian Broadcasting Corporation. Certainly we lack neither the will nor the know-how and as the money becomes available the television service will reach out to bring to our more isolated communities, such as Dawson, Swan River, The Pas and Flin Flon the very great benefits it can offer; thus, we hope, binding them more closely together with the millions of other Canadians who now receive the service through both public and private stations.

I realize that this subject is one that could occupy us for many hours and I know that many hon. members would like to speak on this question particularly with a view to outlining the needs of some part of their riding. I therefore move, seconded by the hon. member for Davenport (Mr. Morton):

That the debate on the proposed resolution of the hon. member for Churchill (Mr. Simpson) standing on the order paper as No. 4 under Notices of Motion be now adjourned.

Mr. Regier: What a misuse of parliament.

Mr. Pearson: Mr. Speaker, may I ask the hon. member a question before he sits down? Does the hon. member not agree that we should have an opportunity to vote on this resolution in favour of which he has just spoken?

The house divided on the motion (Mr. Halpenny), which was agreed to on the following division:

YEAS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Balcer
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bourbonnais
Bourdages
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Campbell (Stormont)
Cardiff
Cathers
Chambers
Charlton
Churchill
Comtois
Courtemanche
Crouse
Danforth
Deschambault
Dinsdale
Doucett
Drouin
Dubois
Fairclough, Mrs.
Fane
Flynn
Fortin
Fraser
Frechette
Gillet
Grafftey
Green
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hicks
Hodgson
Howe
Jones
Jung
Knowles
Kucherepa
Lafreniere
Lahaye
Lambert
LaRue
Latour
Macdonnell
MacLean (Queens)
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McGrath
Maloney
Martel
Martineau
Martini
Monteith (Perth)
Morissette
Morris
Morton
Muir (Lisgar)
Nielsen
O'Hurley
Pallett
Paul
Payne
Pearkes
Phillips
Pigeon
Pratt
Rapp
Rea
Ricard
Richard (Kamouraska)
Rompre
Rynard
Small
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Spencer
Stanton
Starr
Stearns
Tassé
Thomas
Thompson
Tremblay
Valade
Van Horne
Villeneuve
Vivian
Weichel
Winkler
Woolliams
Wratten—112.

NAYS

Messrs:

Argue
Badanai
Batten
Boivin
Bourget
Brassard (Lapointe)
Denis
Dumas
Fisher
Godin
Gour
Habel
Hardie
Herridge
Houck
Lessard
Loiselle
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Meunier
Nixon
Pearson
Peters
Ratelle
Regier
Robichaud
Rouleau
Winch—30.

EXTERNAL AFFAIRS

SUGGESTED RECOGNITION OF GOVERNMENT OF RED CHINA

Mr. Harold E. Winch (Vancouver East) moved:

That, in the opinion of this house, the government should give consideration to the advisability of recognizing the government of the Chinese People's Republic.

He said: Mr. Speaker, I rather think the debate this afternoon in which most interesting facts were presented about the boy scouts, sea scouts and girl guides has rather cut into the time available to discuss the present motion. We in this group feel that this is a motion of interest to all members of the house and of importance to all the people of Canada. We in this group fully recognize that in introducing this motion certain basic aspects and fundamentals should be laid down. We feel strongly that it is necessary for all of us in North America to achieve a full understanding of Asia in general and China in particular.

When countries like China are discussed all we hear from a great many is talk about communism. The communists are definitely wrong in expecting the whole world to go communist but if we are to be realistic then I feel sure we will have to give up some of our own vain hopes. I have no hesitation whatsoever in saying that if we believe in what we say about freedom and tolerance we shall have to stop insisting that eastern nations conform in all particulars to the western pattern or submit to what I might term western tutelage.

Everyone in the house knows and appreciates the fact that communist ideology is different from our own, and we are certainly entitled to differ. But, Mr. Speaker, I think we can ask by what logic does it follow that we should close our eyes to the facts of Chinese progress or refuse to shake hands with other people because of a differing political belief? I think we should also note that to the oriental mind the withholding of diplomatic recognition is an insult, and they are a proud people.

We in this group say without hesitation that strong efforts must be made to break through the present stalemate and find ways of living in peace with nations of different ideologies. Of course, when we tackle the problem of recognition in that manner there are those who try to make us believe that the present government of mainland China is not going to stay in power. It was, therefore, with a great deal of interest that I read reports about four members of the Ontario bar association who last fall spent a number of weeks in China. On their return one of them said in a major speech in Toronto not so long ago that nowhere did they get any suggestion or even a hint that the present regime in Peking is temporary or that it lacks popular support. It was stated that all the evidence which came to their attention was, as a matter of fact, to the contrary.

If we are going to be realistic, Mr. Speaker, and surely we must be realistic, I think it must be understood that in the past decade the Chinese people have been engaged in a tremendous struggle to achieve national salvation and to emerge from centuries of abject poverty and cruel oppression. We in Canada, we in the House of Commons, may not be too happy about the methods that have been used, but all will agree, except those who are mentally blind or fanatics, that startling changes have taken place in that country.

There can be no question whatsoever that China portrays an almost overpowering picture of a nation making history with great speed, and whether or not we like it China is going to be a great power. It has a huge population, it is richly endowed with natural resources spread over an area as large as our own country, and I think it is acknowledged by nearly all that in the not too distant future China will be a highly industrialized nation. What all this means to Canada and our own future is something to which we are obliged to give serious thought. It is because we in this group along with a great many other people in Canada believe that Canada has to give very serious thought to what is taking place in that part of Asia that we have introduced the motion now before the house.

When we want to discuss the recognition of the People's Republic of China of necessity we hear objections from some sources. It is a matter of record that, to a great extent, the objections come from the other side of the line. It was significant that only the other day we had a visit from a well known individual in the United States, by name Walter S. Robertson, the assistant secretary of state for far eastern affairs.

It was interesting also to note that Mr. Charles Lynch, writing in the Ottawa *Citizen*, referred to Mr. Robertson as, "Mr. China Policy" in the state department. In this article Mr. Lynch referred to the views expressed by Mr. Robertson and stated that Mr. Robertson was here for one reason and that was to try to counteract the good reports that had been brought back to this country by some of our well known people who had visited China and, perhaps indirectly, to let the government of Canada know what the views of the government of the United States were.

I should like to deal very briefly with a couple of Mr. Robertson's objections as they were reported in the Ottawa *Citizen*, because they should be answered. I note that not only did Mr. Robertson stress objection to

China so far as diplomatic recognition was concerned, but he also had views with regard to that country being seated in the United Nations. I should like to quote from this article:

"Nor should red China be seated at the United Nations", Mr. Robertson said, "because it is not a peace-loving nation and frequently has repudiated its international obligations."

We say, Mr. Speaker, that if we should not recognize China because it is not a peace-loving nation nor should it be in the United Nations because it is not a peace-loving nation, then the question is why should the United States sit with those in the United Nations whom they are consistently stating and challenging as not being peace-loving nations? It does not seem possible for them to have it both ways. They ask us to take it one way for their own particular purposes.

Mr. Robertson is also quoted as saying that the Peiping Red China regime was imposed by force. May we point out that the United States and Canada sit in the United Nations with a number of other nations that achieved their government by force. We think it is only reasonable to ask, in considering this motion, why it is right to sit with nations who obtained their position by force, and yet at the same time say we will not sit with Red China under similar circumstances. This same gentleman goes on to say that United States policy is to strengthen and keep alive the non-communist Chinese government. Are we to refrain from diplomatic recognition of a government responsible for 650 million or 700 million people on the Chinese mainland which has been in power now for about 10 years because it is United States policy to strengthen and keep alive the non-communist Chinese government?

Just where may that government be? There can be only one place to which that refers and that is Formosa and the government of Chiang Kai-shek. Certainly, it seems ridiculous to think Chiang Kai-shek is the Chinese government or has any hope this side of heaven or hades of ever becoming the head of the Chinese government. Reasonable and practical persons everywhere admit that it is impossibility. I think, instead of listening or even thinking of following the arguments set forth for non-recognition, we might be wiser in Canada to pay attention to some of the statements of our own people. I could take a considerable time in setting forth those statements, but I shall not do so because of the shortness of the time allotted for this debate. However, there are two statements that I believe should be mentioned.

[Mr. Winch.]

I do not think anyone is going to call James Muir, the president of the Royal Bank of Canada, a communist. I do not think anyone is going to challenge a man of his position on the ground he does not know what he is talking about after he makes a personal visit and a personal examination. He is quoted as saying in Montreal on February 11:

The Chinese communists want to trade with Canada, says James Muir, president of the Royal Bank of Canada. "But I think our government is asleep."

Mr. Muir, who toured China last summer, said last night Canada could trade with China without officially recognizing the government there, though "we'll have to recognize them sooner or later anyway".

I think it is better soon than later. There is one man from British Columbia upon whom I know we can safely rely. He is one of the greatest educationists in our Dominion of Canada. I am referring to Dr. N. A. M. MacKenzie of Vancouver, who is not only president of the University of British Columbia but is president of the Canadian national commission for UNESCO. Speaking in Montreal as late as March 12 he said that greater understanding must be promoted between the west and the Orient to prevent war. I quote from this press clipping:

He told a press conference the starving, over-populated Orient looks with hungry eyes to Canada and other western countries where food and land are plentiful.

"They (Oriental countries) will not put up with this situation permanently," he said. "And the alternative to greater understanding is eventual violence."

Words such as these, coming from the president of one of our great universities and the president of the Canadian national commission for UNESCO, are words to which we in this group believe we should give very careful consideration. We believe that it is in the best interests of Canada that we should not blindly follow in the footsteps nor obey the dictates of another country with respect to this matter. I am sorry to say it, but it is my own belief that if the United States were to recognize China tomorrow, this government would automatically do so. It is quite obvious that they are blindly following United States policy, a policy which our people—I mean men such as Mr. Muir and Dr. MacKenzie—say is a wrong one and could lead to violence and war.

In the past we have heard some arguments put forward by the present government as to why Canada has not yet made any move toward the recognition of the Peiping government. We remember a statement made last year by the Prime Minister (Mr. Diefenbaker) that the Chinese government would have to expiate its crimes. This leads me

to another phase of this question of recognition of the People's Republic of China. Surely, much as we pride ourselves as Canadians on being freedom living and tolerant, there is not one of us who thinks that we stand alone in that position. Surely, it is a reasonable approach to examine the position of the many other countries in the world.

We find that from October 2, 1949 to December 3, 1958 thirty-eight countries have recognized the People's Republic of China. I have the list here of those 38 countries. I am not going to take up the time of the house by reading them out, but you can be assured, Mr. Speaker, that the majority of those 38 countries which recognized the People's Republic of China are not communist nor countries of dictatorship; they are countries of democracy. They are freedom loving and peace loving peoples, the same as we here in Canada. Yet as I point out, 38 of them have recognized the Peiping government from October 2, 1949 to December 3, 1958.

I know there are those who would like this matter to be brought a little closer to home, so I would like to do that. We are all proud that this country is a member of the commonwealth, and I know that the Prime Minister takes particular pride in that fact. He did a great deal of travelling around the commonwealth on a recent trip. He never misses an opportunity to speak about the commonwealth and build for himself the name which he likes, which was put up on him by a member of the press, that of "Mr. Commonwealth". There are ten members in the commonwealth, and of those ten members five recognize the Peiping government. Those five are the United Kingdom, India, Pakistan, Ceylon and Ghana. Surely, the Prime Minister and his government, and every Conservative and Liberal, will say that the United Kingdom is a peace loving nation, a freedom loving nation, a democratic nation, and that the United Kingdom would do nothing that would lead to a building up of communism or a building toward war or aggression of any kind. Yet we find that the United Kingdom and four other commonwealth countries have recognized the Peiping government. So we ask, why is it that this present government up till now has tied itself to United States foreign policy, and not to that of five of the brother nations of the commonwealth?

Of course, there are others who are keenly interested in peace and are definitely anti-communist outside of our commonwealth itself as an organization, and that group is NATO. And Canada is a part of NATO. There is an organization which has been established by democratic and peace loving countries, and established definitely for the purpose of opposing communist aggression. Yet on going over the list I find that of the NATO members four recognize the Peiping government. They are the United Kingdom, the Netherlands, Denmark and Norway. I have already spoken of the United Kingdom; and I do not believe it is necessary to go into detail to emphasize that, as far as democratic fighters and believers in freedom are concerned, there are none better to be found than in the Netherlands, Denmark and in Norway. So we find both in the membership of our own commonwealth and in the membership of NATO those countries included in the 38 I have mentioned who have recognized the Chinese republic.

We know, from listening to government speakers and others over a long period of time that they are opposed to communism. We are not alone in that. All parties in this house would unfalteringly reject the precepts of communism. One of the arguments which we have heard put forward as to why we should not recognize the People's Republic of China is because that country is communistic. Mr. Speaker, that argument is not valid if that is one of the reasons in the thinking and consideration of the government in trying to reach a decision on diplomatic recognition, because there cannot be too great a differentiation in communist countries. I find from the Department of External Affairs, over the personal signature of our late friend who passed away the other day, that Canada recognizes the governments of the following communist bloc countries. I particularly emphasized when I spoke with the late minister of external affairs that I wanted to know the countries which the present Canadian government recognized as communist countries yet gave Canadian diplomatic recognition. The hon. minister said that Canada recognizes the governments of the following communist bloc countries; the U.S.S.R., Albania, Bulgaria, Poland, Roumania and Hungary.

May we pay particular attention to Hungary in view of the fact that we were told by the Prime Minister last year that China had to expiate its crimes before it could be recognized by Canada. In the speeches made in this house in connection with what took place in Hungary, and the condemnation of communism in the U.S.S.R., did Canada say to the Russians or to the Hungarians then in control, "Expiate thy crimes"? No; they recognized Hungary, Roumania, Poland, Bulgaria and the U.S.S.R.

Mr. Speaker, that is the record of recognition of the People's Republic of China by freedom loving countries throughout the world, as well as by dictatorships. There is recognition by half the members of our own commonwealth. There is recognition by certain NATO countries and, as I just pointed

out, Canada's own position is that being a communist country is no necessary bar to Canadian diplomatic recognition. So from the viewpoint of realism, in view of the fact that we have a country of nearly 700 million people situated on the other side of the Pacific from the west coast of our country, we say in the interests of Canada at this time, a peace loving and reasonable and sensible country, that now is the time for us to extend recognition, and that hand in hand with that recognition we feel sure will come a greater expansion of inter-country trade.

That is something which is most certainly needed at this present time in our country, particularly so in the province of British Columbia. If time permitted I could read statements of the truck loggers' association in British Columbia, boards of trade, trade unions, all expressing their strong opinion that recognition on a diplomatic level would greatly assist in expanding export business from this country.

Mr. Speaker, it had been my intention to speak for almost my full time on this matter, but as you know, sir, I have been boxed in on time and I feel that I would be absolutely derelict in my responsibility if I did not leave time for others on both sides of the house to express their opinions on this matter.

In conclusion, may I say that this motion is moved in all sincerity. It is moved with an understanding of the international situation and in the belief that a great many, if not the majority, of thinking people in this country now believe it is time Canada stood on her own feet in foreign policy matters and ceased to be a satellite of the United States. It is time we faced the facts as they are, and in the interest of Canada now, and in the greater interest of Canada in the future I suggest that this motion deserves not only study but endorsement by all hon. members in this house so that the government, knowing the views of parliament on this matter, may take upon itself responsibility for according early diplomatic recognition to the republic of China.

(Translation):

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I take part in this evening's debate, because under present circumstances it is my duty to oppose the passing of the resolution before us. I am surprised, however, that it should have been introduced by the hon. member for Vancouver East (Mr. Winch). Either the hon. member for Vancouver East hardens his heart from one session to the other, or he sets himself to changing his mind. Though I have not been sitting in this house for long, I noticed that the measures advocated by the hon. member are contradictory in principle. Could it be, on his part and on that of his political group, the last flickering glimmer of a dying flame?

Indeed, during the last session the hon. member for Vancouver East was asking for the abolition of capital punishment in this country, under the pretext that hanging was a remainder of barbaric customs and contrary to the dignity of man in our improved civilization. In fact, as can be seen on page 714 of *Hansard* of May 30, 1958, the hon. member stated:

> I hope . . . that there will be a recognition that it is time in Canada we moved ahead with modern thought, recognizing that the basis of justice and law in our country should not be that of retribution and revenge but should be that of the protection of society at all times—

(Text):

Mr. Speaker: Order. Before the hon. member gets too far in that direction I wish to remind him that we are not debating the question of the abolition of capital punishment.

Mr. Pallett: I think, with respect, that the hon. member may be laying the foundation for an argument. I think that if you allow him to continue you will find that this is directly relevant.

Mr. Speaker: I should just like to tell the hon. member that I do not think it is relevant to make the argument that the member for Vancouver East (Mr. Winch) is inconsistent in other matters. The hon. member for Sherbooke may have some other point in view, but I think I should caution him that he is straying from the subject.

(Translation):

Mr. Allard: Mr. Speaker, I now come to the main idea, the substance of this resolution, and say that the representative of Vancouver East is now asking recognition of a government which has applied the worse methods of barbarism and vengeance, and which shamelessly continues to attack the dignity of the human being.

This resolution asks for the recognition of the government of the People's Popular Republic of China. In this connection, there are two schools of thought.

One group of people, generally in favour of recognizing Communist China, put forward the two following arguments: first, the Communists are now in firm and permanent control of the Chinese mainland. Although

the Peking regime is not desirable, it is in power and will continue to be in power for a long time. Little can be done to change this situation. Unless you want to ignore 600 million people, you must deal with this regime.

In the second place, in certain respects, Chinese communism would be different from Soviet communism. Trade and cultural relations between communist China and the free world would perhaps draw Peiping apart from Moscow and convert Mao Tse-Tung into a new Tito.

The second group of people who oppose recognition of the people's government of China thus counters these two arguments:

These two arguments are misleading and similar to the reasons set forth in 1930 to promote relations between the West and Japan, Italy and Germany.

At the time, those who put forward such motives believed that the governments of Japan, Italy and Germany had perfect control over their people and that trade and cultural relations with those countries would convince the latter of the necessity of a brotherly spirit and of peaceful co-existence. The belief was that if sufficient concessions were made, it would help to disrupt the forces of the Rome-Berlin axis.

But you know, Mr. Speaker, what happened; it was the second world war. Scrap metal that the United States had sold to Japan fell back in the form of bombs which devastated nearly half of Asia. Oil delivered to Italy in 1936, under the pretext that trade restrictions curtailed freedom, served to make fuel for Italian planes which played havoc with Ethiopia and helped Mussolini to dream of an empire. Diplomatic relations and negotiations with Germany resulted into the Munich disaster. For years, the Germans kept building up their strength on the general principle that they could be sold non-strategic materials.

The upshot of this short-sighted policy was the brutal death of millions of human beings and the destruction of thousands of cities. This was a historic lesson that cannot now be forgotten and which should serve to guide future behaviour. We must depend on historical facts rather than on wishful thinking.

It is a mistake to believe that the Peiping regime is in full control of the Chinese continent. According to reports, students have staged many demonstrations against the communist regime and refugees keep pouring into Hong Kong. May I point out also the statement of the Chinese Minister of Justice, Shih Liang, that in the space of no more than 17 months, 364,604 counter-revolutionists have been tried in people's courts. It is therefore obvious that things are not going so well in Red China.

Mr. Speaker, Mao Tse-Tung has conquered the country by fire and by the sword and he is staying in power by inhuman and brute force. He has liquidated more than 18 million Chinese within 9 years and, even under his despotism, barely 2 per cent of the continental Chinese are members of the Chinese communist party.

The second argument to the effect that Mao Tse-Tung could become a second Tito is being formally refuted by the constant support Peking has been giving the USSR, when the Russians denounced some of Tito's attitudes. As a matter of fact, we might also recall that Peking approved Russia's action in its brutal intervention in Hungary.

Chinese communism is indeed the same as Soviet communism. Its roots and designs are the same. We only need read the statements of Chinese communist leaders to see that their ambition is associated with Soviet dreams. In 1940, Mao Tse-Tung stated, and I quote:

> I am a Marxist anxious to communize China and the world under the leadership of Moscow.

And recently Chou en-lai declared—and I quote again:

> The most sacred international responsibility of communists in every land and of all times is to unite the nations in the socialist camp under the leadership of the Soviet Union.

Has the time come for Canada to recognize the government of the People's Republic of China? I do not think so, Mr. Speaker, and for several reasons.

To recognize communist China would be to tell Formosa that we are abandoning it and renouncing this anti-communist fence.

To recognize communist China at this time would be to jeopardize the national independence of those Asian countries which rightly fear communist expansion. These countries need our support to strengthen their independence, and to improve their now wavering political and economic stability.

To recognize communist China at present would be to destroy the hope of millions of Chinese who are repudiating communism and are anxious to recover their freedom.

To recognize communist China would be to increase its international prestige, to pave the way for communist expansion and to bolster its tottering economy. At the present time Red China admits it is facing economic difficulties. It lacks iron, steel, timber, meat, petrol and coal.

To recognize communist China would be to invite the 12 million Chinese living in south-east Asia to surrender to Peking, to place under Chinese control those countries where China exerts a great influence, such as the Philipines, Vietnam, Indonesia, Singapore, Malaya, Thailand and Burma. Moreover, Canadian citizens of Chinese descent, through the medium of communist Chinese diplomatic representatives here, would become the target of pressure and blackmail in connection with their relatives living in Red China.

To recognize communist China would also mean to ignore the sacrifices of thousands of Canadian and American soldiers who died in Korea, precisely to check the communist advance.

Then too, recognition of communist China would favour its too early admission into the United Nations and thus leave the Security Council at the mercy of the Soviet, in league with Chinese communists.

From an international standpoint, Peking as early as 1949, repudiated most of its international obligations. Red China violated armistice agreements in Korea and Indochina. It has pressed several Asian countries to revolt and embrace communism. It has never shown any concern for the establishment of peace and international security.

As a Canadian Christian member of parliament, I do not forget the atrocities of which our religious missionaries in China were the victims. Chinese communists, in those circumstances, displayed a disgusting materialism and ignored all sense of human dignity and of spiritual values.

No, Mr. Speaker, in my humble opinion, the time has not yet come to recognize such a regime. No, Mr. Speaker, in my humble opinion, the moment has not yet come to recognize such a government, and that moment should not come before red China mends her ways, before she gives evidence of good faith and consistently acts on behalf of pacification and reasonable humanism.

I believe that if we want to be realistic and practical, all our efforts should tend to strengthen our allies rather than to revive red China's economy. By strengthtening our principles of freedom, and by striving to reinforce the economic and political systems of our friends in Asia, we will be doing something worthwhile and help build a free society against the unquestionable slavery of communism.

Mr. Speaker, I would like to refer to a statement made on November 1, 1957 by the present Right Hon. Prime Minister (Mr. Diefenbaker). I quote from page 654 of *Hansard:*

There is nothing inconsistent about endeavouring to trade and at the same time not recognizing the government of that country. The attitude of this government is unchanged in that direction, and until such time as the people's government, the communist government of China, expiates its wrongdoing under international law there certainly will be no justification for the granting of recognition as we see it.

Recognition under international law in the past used to be a juridical act, but today the information we have indicates that recognition would be regarded by various countries in Asia which have withstood communism as an act of more than legal recognition and, indeed, would be interpreted as a recognition of communism as such and would afford to those who today resist communism the removal of a major incentive that has impelled them to take their stand firmly against the onrush of communism throughout portions of Asia.

Mr. Speaker, the policy of the present government was certainly laid down on November 1 by the present right hon. Prime Minister. In addition, on February 26, 1958, the former Secretary of State for External Affairs, the hon. Sidney Smith—at this point, Mr. Speaker, may I be allowed a brief digression to express the deep admiration I had for this eminent Canadian whom I had the occasion to meet on fairly intimate terms at the 13th session of the General Assembly of the United Nations in New York. I attended those meetings as a Canadian parliamentary observer, and almost daily, I had the opportunity of benefiting from the knowledge, advice and geniality of the hon. Sidney Smith. So I can understand that his untimely death was a great shock to the right hon. Prime Minister and to all hon. members. For my part, I was deeply grieved, and I deeply regret the passing of such a great Canadian who had begun to earn a world-wide reputation for himself, as a great diplomat and a counselor of high wisdom.

As I was saying, the Hon. Sidney Smith, as quoted in *Hansard* for February 26 at page 1405, again discussed this question and explained the present government's position with regard to recognizing the People's Republic of China:

In view of the lively interest that is shown by the Canadian people in the future of our relations with the Chinese people, I feel sure that the house will expect me on this occasion to discuss in some detail the government's attitude toward the recognition of the government of the Chinese People's Republic.

And the Hon. Sidney Smith, at page 1407 of *Hansard,* drawing a conclusion to many considerations that were replies to arguments favoring commercial and economic relations with communist China, and which provide a good answer to arguments raised earlier by the hon. member for Vancouver East (Mr. Winch), said:

It is for these reasons that it is the view of this government that we must go carefully. We should take the initiative in limited fields—in fields of trade and in other ways to which I have referred—and we should take every opportunity that presents itself to overcome the causes of discord between the west and Peking China. We must be patient. We should not be hasty. Otherwise we may undo the good work that has already been accomplished in laying the basis for progress toward the goal of removing the occasions for misunderstanding now existing between Canada and communist China.

Mr. Speaker, the hon. member for Vancouver East emphasized in his speech the considerations that had been raised either before the office or the general assembly of the United Nations Organization. In fact, during the thirteenth session, this important matter was discussed in two distinct places, first before the office, a body whose function is to assist at all times the chairman of the general assembly. In fact that office, before the regular meetings of the general assembly, prepares the agenda by deciding what matters are to be raised and discussed by the Assembly. The agenda submitted for the first meeting of the thirteenth session of the general assembly, brought that very question before the 81 members of the United Nations Organization. It was not a question of discussing the matter on its merits, nor of going into the pros and cons of recognition of the Chinese People's Republic; the issue was whether, during the thirteenth session, the question would be discussed during its sittings. Now the president, Dr. Malik, right at the outset of that sitting of the 13th session, warned delegates of the countries which had to take part in the proceedings that they had to abide by the procedure instead of dealing with the question on its merits, since the issue was merely whether the question was to be discussed. But during the course of the debate some countries started to discuss the recognition of communist China, and Dr. Malik, perhaps to allow various countries which were anxious to make a clean breast of it allowed them to discuss the question at length on its merits. Thus, various countries voiced their opinion on the matter. And a few minutes ago, while listening to the remarks made by the hon. member for Vancouver East, I realized that the gist of his statement was nothing but an echo of the arguments set forth by Mr. Gromyko at the 13th general assembly and of the arguments exploited by communist countries which are Moscow's satellites and by countries which have a sympathetic consideration for Moscow and communist China. It is odd how far the human mind can indulge in distortions and contrive all kinds of formulas and arguments to justify a situation and to reach a conclusion.

Allow me, Mr. Speaker, to review briefly some other arguments which no doubt the hon. member for Vancouver East has forgotten. Bulgaria raises a problem of international law.

Mind you, Mr. Speaker, this is a subtle argument. Apparently, it is the state, as such, and not the government, which answers for the rights and duties toward the country. Now in 1945, when as a result of the treaties of Potsdam, the islands of Taiwan went back to China. They were handed to the Chinese state and not to the Chinese government. If since 1945, the Chinese government has changed, Taiwan still belongs to the Chinese state. According to the Bulgarian concept it would therefore be wrong to claim that Peking is now guilty of aggression by its actions with regard to Taiwan. And if Peiping is not being aggressive, it would represent the Chinese people and deserve to sit as such at the U.N.

According to Rumania, during the same debate, American policy contained a wrong principle, i.e.: What is not convenient for the U.S., is not convenient for the U.N. If Washington were to recognize Peking, it would imply its admission to the United Nations. Now, according to the Rumanian representative, Washington is not recognizing Peking because recognition would endanger American policies in the Far East.

Russia in its turn is afraid that if Peking is kept away, the universal character of the United Nations would be impaired, as the Chinese continent has a population of 600 million people, whereas Chiang Kai-shek only rules over 10 million subjects. The Soviet thesis sees an increase of prestige for the United Nations, if Peking were accepted in this organization.

Another country brought another facet into the argument. Cambodia claims that the Chinese people love their communist government, that they are proud of their new life and their new industrial and economic development.

Such arguments seem almost identical to the remarks of the hon. member for Vancouver East.

And Cambodia goes on saying that the Chinese people certainly do not seem to wish ever to return to Chiang Kai-shek's rule.

As far as Burma is concerned, it favours discussion, in the General Assembly, of Peking's admission to the United Nations, in order to avoid war. The United Nations, it says, were created to avoid the meeting of those nations on the battlefields. Now, the position seems so explosive in that area of the Far East, that it becomes urgent to solve it before it is too late.

Members of the Arab union feel that it is necessary to accept political realities. As far as they are concerned, the only Chinese government is that of Peking.

As for Hungary, it finds ridiculous that Peking should be refused membership in the UNO. It likens the situation to that of medieval Rome which, despite Copernic's protest, decreed that the sun revolves around the earth.

India is wondering why the United States, if they are sure they have good reasons for refusing Peking's admission into the UNO, refuse to state those reasons openly before the General Assembly.

Those are, Mr. Speaker, the arguments in favour of the recognition of communist China by the United Nations, put forward by the countries that agree with the principles of Moscow and of Peking.

Among unfavourable arguments, there are of course those which were put forward by the Formosan delegate sent by Chiang Kai-shek who claims that Formosa now represents the Chinese people in keeping with all the standards of the charter of the United Nations. In fact, we read in the preamble of this charter, and I quote:

We the peoples of the United Nations determined to save succeeding generations from the scourge of war—

The Formosan delegate then stated that only a peaceful state could aspire to the UNO. Now how can the communist regime introduce itself as a peace-making agent after invading Korea and killing there a million human beings? Some countries favourable to Peking claim that the future of peace is at stake. But you do not have the right to barter human freedom under the noble pretext of establishing peace.

The United Kingdom, which, for its part, had already recognized the Peking government in a unilateral and individual way in order to have trade relations with that government, thought that, during that thirteenth session of the General Assembly of the United Nations, the discussion of that controversial problem would have heightened an already too strong international tension.

At that thirteenth session of the General Assembly, the honourable Sidney Smith stated the stand taken by the Canadian government about this important matter. He indicated first that a great difficulty of expression had come up since a miliary intervention was threatening peace in the Taiwan area, and that it would be utopian to study the Chinese problem in the background of what was happening in that strategic area. He thought it was not in order to raise the question of admission or non admission of communist China in UNO at that time, because international tension, heightened by military events in the Far East, did not constitute a favourable atmosphere for the discussion of such a matter

That is why, Mr. Speaker, the Canadian delegation, at that thirteenth session, rejected the Indian amendment and favoured postponement of the problem.

A vote was then taken, with the following result: 44 countries decided that the question should not be taken up during that thirteenth session; 28 members wanted a debate in the General Assembly and 9 members abstained.

Mr. Speaker, the question had to be well understood, and I believe that the principles put forward on that occasion may as well apply to our country, both from a unilateral and individual standpoint. How can a country like communist China—considering the principles I referred to very rapidly—possibly ask to be admitted to the United Nations? How can it ask Canada, a peace-loving country par excellence, whose friendship is easy, whose heart and mind are understanding, to support Chinese admission after its aggressive and bellicose actions, ever since it has achieved power? How can it ask to be admitted, if it cannot put into practice the principles of the United Nations?

You are no doubt aware, Mr. Speaker, that the United Nations, set up in 1945 by several war-weary nations anxious to strengthen international peace and co-operation across the world, instituted a charter which has four main purposes: first, to maintain peace and ensure international security; second, to promote sincere friendship between members; third, to develop international co-operation in the social, cultural or economic fields; fourth, to create through the United Nations an organization where all common purposes of the various members can be harmonized toward the achievement of those justifiable ends.

Well, Mr. Speaker, how could that country abide by those principles and those views while waging war and displaying a belligerent attitude, both within and outside its borders. A nation cannot shoot its way into the United Nations: admission into that body must be under the benevolent sign of the dove.

Canada, as I said earlier, has a sensitive heart and a level head, and may eventually recognize communist China. However, before such recognition is granted, China will have to show in a sustained, permanent and truthful way that it intends to abide by its international obligations, to treat its citizens as

human beings, to respect the dignity of the human person, to deal with other countries whose co-operation it seeks, not by threats and blackmail, but by peaceful and friendly methods.

I therefore support the statement made by the right hon. Prime Minister on November 1, 1957, when he stated that communist China must atone for its faults and show its good intentions and good faith. Moreover, that statement by the Right Hon. Prime Minister was supported and enlarged upon by a further statement, made by the hon. Sydney Smith, on February 26, 1958. Mr. Speaker, may I say that in my view, those statements were wise, fair and appropriate.

Should the resolution now before us be put to a vote, I would feel compelled to vote against it, for the various reasons I have indicated.

As regards the hon. member for Vancouver East, may I suggest to him that in introducing resolutions in the future, he show more cohesion and co-ordination, unless he wants to deepen our conviction that he intends to remain, to his very death, connected with a political group whose views are at variance with the facts of present day Canadian life.

(Text):

Mr. Herridge: Will the hon. member permit a question?

Mr. Allard: Certainly.

Mr. Herridge: Does the hon. member know that a good number of the candidates of the Progressive Conservative party in British Columbia at the last election publicly advocated and supported recognition of China?

(Translation):

Mr. Allard: Mr. Speaker, it gives me pleasure to answer the question raised by the hon. member. In reply, I would say to him that any good Conservative member of the house should agree with statements made by the right hon. Prime Minister.

(Text):

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I think it obvious at the outset that any remarks I make will not settle finally the controversial subject propounded in the resolution before the house. It is unfortunate that I have to start at this late hour of the day.

Mr. Winch: It was well planned.

Mr. Dinsdale: That is the hon. member's interpretation. I can have my interpretation. But I do want to suggest right at the outset that I feel the mover of this resolution has grossly oversimplified the problem. As I listened to his presentation I noted that it was not the presentation of a reasoned argument but rather quotations from certain authorities who are in favour of the idea of the recognition of Red China. I am sure that we could find equally eminent authorities who take a counter view, if there were time for us to do so.

I should like to introduce this note into the discussion, Mr. Speaker. The hon. member for Vancouver East (Mr. Winch) has suggested that the experience of those who have travelled on the mainland of China is to the effect that all is for the best in the best of possible worlds.

Mr. Winch: I never did any such thing.

Mr. Dinsdale: Perhaps I am slightly misinterpreting his statement.

Mr. Winch: You mean grossly.

Mr. Dinsdale: Let me remind the hon. member that I said he was not giving his own opinion but he was quoting the opinions of others. He made reference to such eminent authorities as Mr. James Muir, the president of the Royal Bank, and other authorities of that kind. Now, that is one viewpoint. The viewpoint I should like to put before the hon. member tonight is this: The international communist conspiracy has been rampant in the world ever since the revolutionary events of the year 1917. It has been a subtle conspiracy, yet it has been relentlessly moving forward embracing more and more of humanity. Immediately following world war II we felt the impact of international communism in western Europe. Year by year, one after another, the nations of Europe came under the domination of Moscow until, following the *coup d'etat* in Prague in 1948, the western nations finally woke up to the realization they were faced with a new manifestation of international communism and they came together in the North Atlantic Treaty Organization. Since that time there has been no further encroachment, at least in this area of communist expansionism.

Now, it follows, if the theory is accurate that communism does have this international manifestation, that in some area of the world a new expression is being felt. There are those who feel that the outthrust, the upsurge of international communism today is now being felt in the Asiatic countries, in China in the first instance and in the countries bordering so-called Red communist China. This is one through that I wanted to bring before the hon. members in the few moments that are at my disposal here tonight.

There is the other aspect of the problem upon which he relied very heavily in presenting his case. He inferred that the Canadian

viewpoint is determined entirely by the viewpoint of the United States on this problem. In fact, I believe he used the words that Canada is merely a satellite of the United States in this regard. I believe that that statement can be challenged. It is true that Canada, as a neighbouring North American country, follows very closely the leadership of the United States in establishing our foreign policy. It is also equally true that the decision of Canada in reference to this problem, up to the moment, is the result of deliberation and consideration, which are the words used in the resolution, on the part of the government which formerly had the responsibility for conducting affairs in this nation, as well as on the part of the government which at the present moment has the responsibility of guiding the foreign policy of the nation.

I think that the late minister for external affairs put the matter very nicely when he spoke in this house just a few weeks ago and reviewed in a comprehensive way the pros and cons of this issue. Just a week ago, on March 13, I had the privilege of listening to one of the assistant secretaries of state for our neighbour to the south, Mr. Walter Robertson, deal with this very issue of the attitude of the United States toward the recognition of Red China.

Mr. Winch: I quoted him, too, to be fair.

Mr. Dinsdale: Yes, but you did not quote all aspects of that speech, to be equally fair.

In thanking the speaker on that occasion, the gentleman chosen for that task spoke in very sober tones and said that the effect of the speech by Mr. Robertson was like the impact of a cold shower because in recent days we had tended to lose some of the fundamental perspective on this problem. Mr. Robertson pointed out, for example, that the majority of the free nations of the world still have not recognized the People's Republic of China. Out of the total membership of the free nations only 22 have recognized the Peiping regime, whereas 44 have still failed to give this regime recognition.

Mr. Robertson also drew our attention to the basic difficulty of this very vexing problem, the fate of the Formosan government if the western nations, particularly the United States and Canada, should yield to the impulse to recognize Red China. We have not only one China to contend with in this issue, we have the established government on the island of Formosa. It was the opinion of Mr. Robertson that recognition would undermine the position of the Chiang administration and place the whole cause of freedom and democracy in the Asiatic countries in serious jeopardy.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but it is ten o'clock.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

AGRICULTURAL STABILIZATION BOARD

Question No. 129—**Mr. Argue:**

1. What amount of each commodity did the agricultural stabilization board hold as of December 31, 1958?

2. What was the total amount of money paid for each commodity held by the board as of December 31, 1958?

3. What amount of each commodity had been bought by the agricultural stabilization board from April 1, 1958 to December 31, 1958?

4. What was the total amount of money paid for each commodity acquired by the board between April 1, 1958 and December 31, 1958?

5. What quantity of each of the commodities handled by the board from April 1, 1958 to December 31, 1958, have since been disposed of?

6. What was the total amount of money received by the board from the sale of each commodity from April 1, 1958 to December 31, 1958?

7. What amounts of each commodity were disposed of other than by outright sale, between April 1, 1958 and December 31, 1958?

8. What was the total amount of money paid for each commodity disposed of in such a manner by the board from April 1, 1958 to December 31, 1958?

9. In what manner was each commodity disposed of by the board between April 1, 1958 and December 31, 1958, other than by outright sale?

10. Did the board expend any other moneys in the performance of its functions from April 1, 1958 to December 31, 1958, in its purchase programs other than for the support of food stuffs? If so, for what purpose?

11. What was the net cost of operations of the board from April 1, 1958 to December 31, 1958?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. On December 31, 1958, the agricultural stabilization board held the following stocks:

Butter, 79,339,941 pounds; Dry skimmed milk, 65,113,795 pounds; Shell eggs, 3,108 cases; Cheese, 2,155,818 pounds; Pork products, 8,405,251 pounds; Fowl, 832,255 pounds; Tomatoes, 114,536 cases.

2. The estimated total cost of the inventories shown in 1, including carrying charges to December 31, 1958, were as follows:

Butter, $50,962,067; Dry skimmed milk, $9,015,425; Shell eggs, $38,917; Cheese, $742,628; Pork products, $3,140,065; Fowl, $330,189; Tomatoes, $597,786.

3. The following is an estimate of total purchases by the board from April 1 to December 31, 1958.

Butter, 71,466,653 pounds; Dry skimmed milk, 97,653,587 pounds; Shell eggs, 101,428 cases; Cheese, 15,408,323 pounds; Pork products, 8,668,872 pounds; Tomatoes, 139,526 cases.

4. The estimated amount of money paid for each commodity acquired between April 1 and December 31, 1958, is as follows:

Butter, $45,481,917; Dry skimmed milk $14,052,773; Shell eggs, $1,198,140; Cheese, $5,238,830; Pork products, $3,116,641; Tomatoes, $726,307.

5. The estimated sales of each commodity from April 1 to December 31, 1958, are as follows:

Butter, 17,310,783 pounds; Dry skimmed milk, 60,259,509 pounds; Shell eggs, 187,077 cases; Cheese, 13,252,505 pounds; Pork products, 263,601 pounds; Tomatoes, 24,990 cases.

6. In the case of sales returns there is always variation in the methods of payment as well as numerous adjustments so that book records, except for the year end audited financial statement, cannot be correlated with the estimated sales shown in question No. 5.

Book records indicate the following amounts received for various commodities between April 1 and December 31.

Butter, $10,982,561; Dry skimmed milk, $2,571,742; Shell eggs and egg products $3,015-637; Cheese, $4,092,437; Porks products, $97,-999; Fowl, $1,899,243; Tomatoes $113,281.

7. All commodities were sold by the board although in some cases, such as that of dry skimmed milk, an agreed commercial value for the area to which the product is destined is provided for in the estimates of another department, for all donations to international relief agencies.

8. See No. 7

9. See No. 7.

10. No.

11. The accounts of the board are kept on the basis of programs which start at different times during the year. The only time that an accrued net cost is calculated and audited is for the fiscal year April 1 to March 31.

COMBINES INVESTIGATION ACT—LEGAL FEES

Question No. 166—**Mr. Howard:**

1. Since January 1, 1954, have any fees or remuneration been paid to (a) legal counsel; (b) other persons, for opinions and action arising out of reports of the restrictive trade practices commission or for other activities relating to the combines legislation?

2. If so, what are the names of (a) the counsel; (b) other persons, what amount was paid to each and for what service in each instance?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. (a) Yes; (b) Yes.

2. (a) Counsel.

	Fees	Disbursements	Total	Service conducting or in connection with
	$	$	$	
John G. Ahern, Q.C.	264.00	112.13	376.13	Household products prosecution
John G. Agern, Q.C.	1,000.00	3.40	1,003.40	Quilting prosecution
John G. Ahern, Q.C.	1,175.00	3.30	1,178.30	Boxboard prosecution
John G. Ahern, Q.C.	819.00	28.72	847.72	Match prosecution
J. D. Arnup, Q.C.	12,306.00	142.09	12,448.09	Electrical wire and cable prosecution
J. D. Arnup, Q.C.	2,619.00	18.81	2,637.81	Electrical appliance prosecution
Raphael Beaudette, Q.C.	2,448.00	.....	2,448.00	Boxboard prosecution
J. D. Bohme	3,780.00	1,202.10	4,982.10	Fine papers prosecution
A. E. Branca, Q.C.	22,808.65	474.14	23,282.79	Vancouver gasoline prosecution
A. E. Branca, Q.C.	1,884.30	173.40	2,057.70	B.C. fish inquiry
John Bumbray, Q.C.	516.00	.....	516.00	Quilting prosecution
S. A. Caldbick, Q.C.	1,659.00	58.11	1,717.11	Timmins coal prosecution
D. D. Carrick, Q.C.	1,380.00	66.52	1,446.52	Rubber prosecutions
John L. Farris, Q.C.	696.50	7.08	703.58	Vancouver gasoline inquiry
R. H. Frith	19,382.50	2,474.40	21,856.90	Wire fence prosecution
R. H. Frith	17,457.00	2,700.12	20,157.12	Transmission and conveyor equipment prosecution
Paul Gerin-Lajoie, Q.C.	345.00	.....	345.00	Transmission and conveyor equipment inquiry
Paul Gerin-Lajoie, Q.C.	4,507.50	885.26	5,392.76	Loss-leader inquiry
Paul A. H. Hess	14,815.25	1,777.94	16,593.19	Electrical wire and cable prosecution
Paul A. H. Hess	16,986.35	2,152.17	19,138.52	Asphalt roofing prosecution
E. D. Honeyman, Q.C.	4,303.00	137.71	4,440.71	Winnipeg coal inquiry
Rene Hould	800.00	.....	800.00	Loss-leader inquiry
G. R. Hunter, Q.C.	2,400.00	260.54	2,660.54	Sugar merger inquiry
L. H. Jackson	21,976.00	1,640.95	23,616.95	Coarse papers prosecution
I. M. MacKeigan, Q.C.	6,892.50	1,027.06	7,919.56	Beer inquiry
R. W. MacQuarrie	86.25	.....	86.25	Tire, Batteries, accessoires inquiry
J. M. Magwood	15.00	.....	15.00	Rubber prosecution
N. L. Mathews, Q.C.	34,392.00	695.59	35,087.59	Fine papers prosecution
N. L. Mathews, Q.C.	397.00	19.95	416.95	Regina vs A. S. McCordick
N. L. Mathews, Q.C.	1,189.00	19.50	1,208.50	China and earthenware prosecution
N. L. Mathews, Q.C.	2,308.00	127.40	2,435.40	Beer inquiry
N. L. Mathews, Q.C.	123.00	5.60	128.60	General steel wares inquiry
B. J. McKinnon	19,347.00	739.10	20,086.10	Fine papers prosecution
A. A. Moffat, Q.C.	5,040.00	290.49	5,330.49	Winnipeg coal prosecution
D. W. Mundell, Q.C.	8,490.00	1,003.77	9,493.77	Transmission and conveyor equipment prosecution
S. C. Platus, Q.C.	2,371.00	272.54	2,643.54	Timmins coal prosecution
T. N. Phelan, Q.C.	2,250.00	30.56	2,280.56	Rubber prosecutions
T. N. Phelan, Q.C.	8,150.00	52.75	8,202.75	Wire fence prosecution
Joseph Sedgwick, Q.C.	450.00	.....	450.00	Culverts prosecution
Claude Tellier	3,585.00	515.85	4,100.85	Boxboard prosecution
J. D. Wentzell	2,265.00	443.37	2,708.37	Timmins coal prosecution
W. N. Wickwire, Q.C.	7,010.00	763.42	7,773.42	Loss-leader inquiry
W. B. Williston, Q.C.	6,937.50	232.19	7,169.69	Asphalt roofing prosecution
R. F. Wilson, Q.C.	2,409.00	636.22	3,045.22	Beer prosecution
G. S. Wismer, Q.C.	28,861.82	1,482.36	30,344.18	Coarse papers prosecution

2. (b) Other Persons.

	Fees	Disbursements	Total	Service
Economists	$	$	$	
Professor V. W. Bladen, University of Toronto	315.00	.....	315.00	Economic advice
Professor G. E. Britnell, University of Saskatchewan	300.00	.....	300.00	Economic advice
Professor Irving Brecher, McGill University	2,050.00	.....	2,050.00	Economic advice
Doctor C. A. Curtis, Queens' University	1,500.00	92.95	1,592.95	Economic advice
Professor H. E. English, Carleton College	175.00	.....	175.00	Economic advice
Professor H. Scott Gordon, Carleton College	1,050.00	.....	1,050.00	Economic advice
Professor M. C. Kemp, McGill University	379.00	.....	379.00	Economic advice
Professor E. S. Mason, Harvard University	400.00	.....	400.00	Economic advice
Professor Sol Sinclair, University of Manitoba	2,625.00	329.95	2,954.95	Economic advice
Professor J. C. Weldon, McGill University	727.50	28.45	755.95	Economic advice
J. N. Wolfe, Toronto	495.00	45.00	540.00	Economic advice
Professor David McCord Wright, McGill University	250.00	.....	250.00	Economic advice

	Fees	Disbursements	Total	Service
	$	$	$	
Accountants				Service in connection with
McDonald and Currie, Toronto	180.00	.....	180.00	Fine papers prosecution
Milne, Honeywell and Burpee, Ottawa	350.00	.....	350.00	Cigarette inquiry
Consultant				
D. J. Barrett, London, Ont	187.70	.....	187.70	Fertilizer inquiry
Reporters				
Canadian Reporting Company	17,142.65	2,068.30	19,210.95	Reporting evidence and argument
Fidelity Reporting Company (C. L. Empringham)	20,371.05	4,570.30	24,941.35	Reporting evidence and argument
H. O. Taylor	16,306.70	.....	16,306.70	Reporting evidence and argument
Official court Reporters—Vancouver	9,968.22	.....	9,968.22	Reporting evidence and argument
W. W. Buskard	8,529.33	1,204.16	9,733.49	Reporting evidence and argument
Grayden Hagan	1,186.45	228.16	1,414.61	Reporting evidence and argument
L. W. Hiscoke	638.70	61.40	700.10	Reporting evidence and argument
J. W. Aikens	348.00	84.90	432.90	Reporting evidence and argument
N. L. Price	87.15	50.65	137.80	Reporting evidence and argument
J. L. Donovan	267.15	196.40	463.55	Reporting evidence and argument
F. C. K. Crockett	231.40	294.75	526.15	Reporting evidence and argument
F. W. S. Galbraith	656.25	281.75	938.00	Reporting evidence and argument
Maurice Guay	132.45	.....	132.45	Reporting evidence and argument
George Mitchell	356.85	322.30	679.15	Reporting evidence and argument
Miss Evelyn Pratt	758.84	.....	758.84	Reporting evidence and argument

The foregoing is exclusive of salaries of permanent and temporary staff.

ESKASONI, N.S., SCHOOL

Question No. 241—**Mr. McWilliam:**

1. Was a contract awarded for the construction of the Eskasoni, Nova Scotia, school? If so, to what firm?

2. What was the amount of the tender?

3. What was the total amount paid to the contractor for this project?

4. Were previous tenders called and cancelled? If so, what were the names of those who tendered and respective amounts of tenders?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. Yes—M. R. Chappell, Sydney, N.S., on March 11, 1958.

2. $56,225.00.

3. $59,916.00.

4. Yes, in December, 1957.

(a) Stephens Construction Ltd., 199 Townsend Street, Sydney, N.S., $57,500.00.

(b) M. C. Campbell & D. G. Grant, P.O. Box 251, Antigonish, N.S., $59,330.00.

(c) M. R. Chappell, Sydney, N.S., $60,719.00.

(d) Maritime Builders Ltd., Sydney, N.S., $67,785.00.

FEDERAL GRANTS IN LIEU OF TAXATION, HALIFAX

Question No. 255—**Mr. Morris:**

1. Does the federal government pay grants to the city of Halifax in lieu of taxation on federal government properties?

2. If so, what is the formula used in the payment of such grants and is the formula related to the so-called business tax rate or residential tax rate applied by the city of Halifax to taxpayers?

3. What was the total grant paid by the federal government to the city of Halifax in lieu of taxation on federal government properties in (a) 1956; (b) 1957; (c) 1958?

4. What are the individual assessed valuations of federal government properties in the city of Halifax?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. Yes.

2. Starting in 1957, the grant formula uses the rate of tax which would be applicable to federal property if that property were taxable; that is, federal property is divided into two groups. To one the business tax rate is applied and to the other the residential tax rate is applied. Before 1957, under the former Municipal Grants Act formula, a weighted average of the residential and business rates was used in the grant calculation. Also the grant was not paid on all federal property but only on federal property in excess of 2 per cent of combined taxable and federal property.

3. (a) 1956, $806,187; (b) 1957, $1,408,422; (c) 1958, $1,400,000 (interim payment).

4. The total accepted value of federal property on which the 1957 grant was based

Subject to residential rate	$12,618,500
Subject to commercial rate	21,620,675
Total	$34,239,175

Questions

The federal property in Halifax is comprised of about 50 properties involving over 200 separate buildings.

The hon. member has agreed to accept the above answer reserving the right to examine the details on file in the Department of Finance.

FEDERAL GRANTS IN LIEU OF TAXATION, DARTMOUTH, N.S.

Question No. 259—**Mr. Morris:**

1. Does the federal government pay grants to the town of Dartmouth in lieu of taxation on federal government properties?

2. If so, what is the formula used in the payment of such grants and is the formula related to the so called business tax rate or residential tax rate applied by the town of Dartmouth to taxpayers?

3. What was the total grant paid by the federal government to the town of Dartmouth in lieu of taxation on federal government properties in (a) 1956; (b) 1957; (c) 1958?

4. What are the individual assessed valuations of federal government properties in the town of Dartmouth?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. Yes.

2. The current tax rate of the town of Dartmouth is applied to the approved assessed value of federal property to calculate the grant. The town of Dartmouth does not have separate tax rates on business and residential properties.

3.

	Taxation year to which payment related	Payment under sec. 5 (annual grant)	Payment under sec. 7 (local improvement grant)
(a)	1956	$ 92,638	$1,685.19
(b)	1957	$106,997	$ 522.57
(c)	1958	$105,744	$2,967.82

4. The total accepted value of federal property on which the 1958 grant was based—

Land	$ 189,100
Buildings	$2,974,100
Total	$3,163,200

The hon. member has agreed to accept the above answer reserving the right to examine the details on file in the Department of Finance.

FEDERAL GRANTS IN LIEU OF TAXATION, HALIFAX COUNTY

Question No. 260—**Mr. Morris:**

1. Does the federal government pay grants to the municipality of the county of Halifax in lieu of taxation on federal government properties?

2. If so, what is the formula used in the payment of such grants and is the formula related to the so called business tax or residential tax rate applied by the municipality of the county of Halifax to taxpayers?

3. What was the total grant paid by the federal government to the municipality of the county of Halifax in lieu of taxation on federal government properties in (a) 1956; (b) 1957; (c) 1958?

4. What are the individual assessed valuations of federal government properties in the municipality of the county of Halifax?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. Yes.

2. The current tax rate of the municipality is applied to the approved assessed value of federal property to calculate the grant. With respect to areas in the municipality that are designated as self-contained defence establishments under the act, a grant is paid only on federal land and on buildings used as residences; other buildings are excluded in these areas. There are four self-contained defence establishments in this municipality, viz:—

H.M.C.S. Shearwater,
Shannon park,
Bedford naval magazine,
North beaverbank.

With respect to all remaining federal government properties in the municipality, the tax equivalent is paid on both land and buildings.

The municipality of the county of Halifax does not have separate tax rates for business and residential properties.

3. 1956 grant, $45,840; 1957 grant, $75,000 (interim payment); 1958 grant, no payment yet.

4. The estimated total accepted value of federal property on which the 1957 grant will be based was $5,400,000 covering 109 items.

The hon. member has agreed to accept the above answer reserving the right to examine the details on file on the Department of Finance.

SCHOLARSHIP PARTICIPATION BY CIVIL SERVANTS

Question No. 267—**Mr. Hellyer:**

1. Does the civil service commission approve of civil service employees participating in scholarships?

2. If so, what assistance or encouragement is given to employees when participating?

3. Was a scholarship leading to a master's degree in public administration advertised during August by the Maxwell school of Syracuse University, Syracuse, New York, and leave granted by the Department of National Defence to one of its employees to enter such studies?

4. If so, (a) on what terms or arrangement; (b) what length of leave; (c) the name or names of employees recommended by the civil service commission, and terms of recommendation?

5. Was the recommendation carried out in full? If not, what were the changes and the reasons for changes?

6. Does the civil service commission intend to continue recommending employees to take up studies in other than Canadian universities?

7. What financial obligations are assumed by government departments because of this policy?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. Yes, where the subjects of study are related to the needs of the civil service.

2. Leave may be provided without pay, at half pay and, in a few instances, at full pay, depending on the circumstances which exist in relation to the requirement of the civil service for the training in question.

3. A scholarship leading to a master's degree in public administration at the Maxwell school of Syracuse University was advertised throughout the service in March 1958, and not in August, 1958. An employee in the Department of National Defence was awarded the scholarship by Syracuse University and was granted leave by that department.

4. (a) and (b) Leave with half pay was authorized for the period July 28, 1958 to June 23, 1959. (c) The civil service commission did not recommend employees for this scholarship. Applications were sent by the candidates to the Maxwell school of Syracuse University and the selection was made by that institution.

5. The employee withdrew from the program in August, 1958. The reason given by the employee for his withdrawal was his inability to find suitable accommodation for his family in Syracuse at a reasonable cost.

6. The commission does not recommend that employees take up studies in other than Canadian universities. As a normal practice, the civil service commission does not approve leave to employees to attend universities outside of Canada when equivalent courses are available in this country.

7. Where a financial obligation is assumed by government departments, it is by the partial payment of salary to the employee while he is on leave or, in a few instances, by full payment of salary.

HOUSE OF COMMONS

Tuesday, March 24, 1959

The house met at 2.30 p.m.

COMMONWEALTH RELATIONS

ANNOUNCEMENT OF CONFERENCE RESPECTING SCHOLARSHIPS AND FELLOWSHIPS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the house will recall that at the commonwealth trade and economic conference in Montreal a decision was taken in principle to establish a new scheme of commonwealth scholarships and fellowships. The conference agreed that the exact scope and detailed arrangements for this scheme should be worked out at a further conference of the commonwealth countries to be held in the United Kingdom in 1959. It was also agreed that the mandate of this conference would include a review of existing arrangements for co-operation among commonwealth countries in the field of education to determine the need for any improvement or expansion of these arrangements.

All commonwealth governments including Canada have now accepted an invitation from the United Kingdom government to attend a conference on the lines agreed upon at Montreal, this conference to be held at Oxford, England, from July 15 to July 29. Lord Halifax, the chancellor of the university, has agreed to serve as president of the conference and Sir Philip Morris, the vice chancellor of Bristol University will serve as chairman. The composition of the Canadian delegation to the conference will be decided at a later date.

Meanwhile, the house will wish to know that a meeting is to be held in Ottawa shortly between government officials and representatives of Canadian universities to discuss the arrangements for Canadian participation in this commonwealth scholarship scheme.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on behalf of the official opposition I wish to state that we welcome the initiation of this scheme for commonwealth scholarships, and we are glad to note that the meeting for this purpose will be held this summer in a highly appropriate place, Oxford University.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, on behalf of the C.C.F. group may I state that our sentiments are exactly the same as those expressed by the Leader of the Opposition.

LABOUR CONDITIONS

REPORT ON MUNICIPAL INCENTIVE PROGRAM—EXTENSION TO MAY 31

Hon. Michael Starr (Minister of Labour): Mr. Speaker, with your permission and that of the house I should like to report briefly on the present status of the municipal incentive program, and to make an announcement. As the house knows, this program was designed to assist in combating seasonal unemployment. As at March 20 I am pleased to report that the number of jobs provided under this program had reached a total of 32,000. That is a total of 32,000 jobs which would not otherwise have been provided.

Those who consulted the dominion bureau of statistics report yesterday will know from that report that this program has played a positive part in the present encouraging increase in employment and the reduction in unemployment which is now taking place. The house may be interested at this time in knowing that since this program was first announced we have received and processed 1,909 applications from municipalities across Canada. Of this number we have approved 1,838 applications or 96 per cent of the total, and a number are still pending. The aim has been, of course, to grant the maximum number of approvals in line with the objective of this program in order to put the maximum number of men to work. The estimated total cost of projects approved to date is $81,375,000.

The federal contribution necessary to launch projects of such magnitude has been slightly more than $9 million; to be exact, $9,279,000. This is the estimated federal share of payroll costs for the period in question from December 1, 1958 to April 30, 1959. The total payroll costs are estimated at $27,358,000. The cost of works to be completed during the period indicated is $52,739,000. Total payroll cost during the period is estimated at $18,706,000. Of this the federal share, as I have pointed out, is a little over $9 million. Thus the federal government's share of direct payroll costs for the period in question represented 17.6 per cent of the total cost of the works for that period.

I mention this, Mr. Speaker, in order to indicate for the benefit of hon. members the extent to which the provinces and the municipalities have co-operated in taking advantage of this program and in making possible works of the magnitude mentioned and, of course, in providing jobs both directly and indirectly to a great many Canadians.

As the house is aware, the success of the program to date has resulted in numerous requests that the period of time be extended. I should add that a number of such requests have come from provinces some of which are contributing to payroll costs in the amount of 25 per cent and 30 per cent, adding a further incentive to the municipalities.

The house will recall that a supplementary estimate was recently approved granting funds in the amount of $15 million for this program. In order that those municipalities which have taken advantage of this program to undertake during the winter months works and projects which they would not have otherwise undertaken, may be enabled to continue to receive this assistance for another full month, I am happy to announce that it is the intention of the government to grant an extension of this program until May 31.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure the house will welcome even this information which has been given so generously by the Minister of Labour today. He mentioned that the winter work program has resulted in the placement of some 32,000 people. I regret to inform him that I made a mistake last night when speaking outside of this house. I said that the winter work program had put some 33,000 to work. I erred by a thousand in my tribute to the minister.

An hon. Member: Wrong again.

Mr. Martin (Essex East): Someone says "wrong again"; but listen to those figures and see whether I am very wrong. The fact that the government has decided to extend this program to May 31 is an indication—

Mr. Monteith (Perth): May 31.

Some hon. Members: Wrong again.

Mr. Martin (Essex East): —that the government regards this as a very serious matter. Indeed, it is so serious, as was pointed out yesterday by the minister when reporting on the latest figures on unemployment, that the unemployed of Canada represent 8.8 per cent of the working force. I am sure, however, he will not deny that in the maritime provinces the unemployed represent 12 per cent of the working force; in Newfoundland the unemployed represent 30 per cent of the working force; in Ontario the unemployed represent 6 per cent of the working force; in Quebec the unemployed represent 12 per cent of the working force; on the prairies, 5 per cent, and in British Columbia 8.7 per cent. Let us compare this situation with the situation in Denmark, Belgium, the United States, Western Germany, Sweden, Norway, the Netherlands and the United Kingdom, which will indicate that the announcement today by the minister is not really going to correct our situation.

An hon. Member: What about Windsor?

Mr. Martin (Essex East): It is very bad in Windsor, I regret to say. We in Canada have a higher level of unemployment than any of the countries of the western world that I have mentioned. In Canada 8.8 per cent of the working force is unemployed. In Denmark it is 8.3 per cent; in Belgium, it is 7.2 per cent; in the United States it is 6.1 per cent.

Some hon. Members: Order.

Mr. Martin (Essex East): In Western Germany it is 5.6 per cent; in Sweden it is 4.3 per cent; in Norway it is 4 per cent. In the Netherlands it is 3.2 per cent; and in the United Kingdom, 2.5 per cent.

Mr. Fulton: On a point of order—

Mr. Martin (Essex East): —so that this government cannot take—

Mr. Speaker: Order.

Hon. E. D. Fulton (Minister of Justice): On a point of order, Mr. Speaker, it is my recollection and understanding that when ministers make statements it has been the practice of the house, although it is not provided for under the rules, to permit short comments on the statements in reply. Those comments are, by the practice, to be strictly relevant to the statement itself. What the hon. member is doing is taking us on a sort of world tour, which seems to be hardly relevant to the statement made by the Minister of Labour.

I suggest to you, sir, that the hon. gentleman should abide by the practice of the house. I well remember that when we were sitting over there we kept our comments short—

Some hon. Members: Oh, oh.

Mr. Fulton: —and if at any time we tended to stray from short comment we were reminded by my hon. friends who were sitting here at that time what the rule was. I do suggest, Mr. Speaker, that the rules of the house, which my hon. friends were so anxious to see obeyed when they were over here, should govern them in their conduct when they are over there.

Mr. Martin (Essex East): Mr. Speaker, speaking to the point of order, I can very well understand the concern and embarrassment of the government—

Some hon. Members: Order.

Mr. Speaker: Order. I understood the hon. member for Essex East to say he was speaking to the point of order.

Mr. Martin (Essex East): I was just saying, Mr. Speaker, in making my answer to the point of order, that I can well understand the embarrassment of the government when one seeks to comment on the important statement made by the Minister of Labour. The Minister of Justice, I am sure—

Mr. Speaker: Order. With all deference to the hon. member, his comments are not on the point of order. The point is how far he should go in his comment on the statement of the minister.

Mr. Martin (Essex East): With great respect, I think I was just about to do that, but I have the right to comment upon statements made by the Minister of Justice that were not all on the point of order. The Minister of Labour quite properly made a statement outlining the government's amendment to its winter work program and giving statistics respecting the unemployment situation in Canada.

Mr. Fulton: In Canada.

Mr. Martin (Essex East): I was commenting on those statistics by revealing that the situation in Canada is so severe that it does not compare favourably with the unemployment situation in other countries—

Mr. Starr: On a point of order—

Mr. Martin (Essex East): —in the western world, and I submit that I was completely in order.

Mr. Speaker: There can only be one speaker at a time on the point of order.

Mr. Starr: I rise on a question of privilege.

Mr. Martin (Essex East): I was perfectly in order in commenting on the statement of the Minister of Labour.

Mr. Speaker: Does the Minister of Labour have something to say on the point of order? I wish to deal with it, because it is a rather important point in our practice and I think it is well that we keep on firm and proper lines in the practice at this stage of the proceedings of the house.

Mr. Starr: I think the remarks made by the hon. member for Essex East were irrelevant, in that he compared the situation in our country with other countries that do not have the same climatic conditions and seasonal fluctuations that Canada has; and when he does so he speaks in a tone of disappointment because he predicted last year—

Some hon. Members: Order.

Mr. Speaker: The hon. member for Kootenay West.

Mr. Martin (Essex East): On a point of order—

Mr. Speaker: I am hearing the hon. member for Kootenay West.

Mr. Martin (Essex East): On a point of order, Mr. Speaker, I have not finished my statement.

Mr. Speaker: If the hon. member has something further to say I will hear him again, but I am now recognizing the hon. member for Kootenay West on the point of order.

Mr. H. W. Herridge (Kootenay West): I wish to trespass on the time of the house only for a moment or two to say that, strange as it may seem, I agree wholeheartedly with the contention of the Minister of Justice on this occasion. I do think that the member for Essex East is trespassing upon the good will of the house in making these lengthy statements, and I suggest that if he will follow the practice of his leader in replying to statements by the Prime Minister or other members of the government he will be even more in line with the rules as we understand them.

Mr. Speaker: Does the hon. member wish to deal further with the point of order?

Mr. Martin (Essex East): No.

Mr. Speaker: May I say this. The practice at this stage of the proceedings of the house is not capable of exact definition but as I understand it, is customary for a minister who wishes to make a statement to do so under the heading of motions on routine proceedings. It has been the practice of this house, for at least the last five or six years, for one speaker from each of the opposition parties to be allowed to comment briefly upon the statement.

It is clear, I think, to all of us that this does not open a question for debate. Of course it does not restrict the character of the comment, which may be favourable or it may be unfavourable. I think we have to depend upon the good sense and discretion of the members of the house in not going

too far. Certainly I would think that any comment that went beyond the length of the statement itself would be disproportionate and out of order. I feel the comment should be strictly relevant to the statement, and with that in mind I trust the hon. member will proceed to finish his statement.

Mr. Martin (Essex East): Thank you very much, Mr. Speaker. I can only say that I regret that the hon. member for Kootenay West regards this as not the kind of question that deserves comprehensive consideration.

Mr. Argue: That is an unfair statement.

Mr. Martin (Essex East): Having dealt with the comparative situation, I want to conclude what I have to say by reminding the minister of his stand in connection with the document which he gave to the country yesterday, and which shows that 537,000 are out of work, 1,000 less—

Some hon. Members: Order.

Mr. Martin (Essex East): Here is a very important statement which the minister has not emphasized. Employment in the Atlantic region reached a low level during February, largely as a result of shutdowns in the Nova Scotia coal mines. Some 14,000 fewer people were working in February than in the previous month. This is the kind of statement, together with what I have already said, that justifies the government not only in doing what they have announced today but in taking much more formidable and comprehensive steps than this program for coping with unemployment.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. are disappointed in that when the minister announced the extension of the winter work program he extended it for only another month. This would have been acceptable had the minister coupled with that statement some assurance that the unemployment problem in Canada during the summer would be solved.

The announcement by the government means that all they have been able to accomplish, with the co-operation of the provinces and municipalities, has been to put to work on site a number of persons equal to about 6 per cent of the number of persons unemployed in this country. This shows that the government, in real fact, has thrown up its hands and is prepared to live with widespread unemployment. We feel that the statement that has been made this afternoon, welcome as it is, is but a gesture compared with what the government should be doing to cope with this major problem.

[Mr. Speaker.]

TRADE

SALT FISH—STATEMENT BY MINISTER ON MARKETING

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on August 1, 1958 I announced the government's decision that the exclusive right to export processed salted fish from Newfoundland, held by the Newfoundland Associated Fish Exporters Limited, would not be extended beyond July 31, 1959.

By the act of union between Canada and Newfoundland, the exclusive licence to export salted fish, which had been granted to the Newfoundland Associated Fish Exporters Limited by the commission of government, was continued for a period of five years in order to allow the orderly development of alternative marketing arrangements during this period of transition.

At the expiration of the licence arrangement with NAFEL in 1954 it was again agreed to continue the exclusive licence for a further period of three years, with the qualification that interprovincial trade in salt bulk was freed from this restriction. Subsequently two extensions of one marketing year each were granted, the final one at the time of my statement on August 1 last. Thus the salt fish industry of Newfoundland has had a ten-year period in which to adopt marketing methods in conformity with the practice of this trade in other Atlantic provinces and Quebec.

Serious consideration was given to alternative methods of marketing salt fish in Newfoundland. An interdepartmental committee made an extensive and exhaustive survey of the situation. Exporters, processors, fishermen and government officials in the Atlantic provinces and the province of Quebec were interviewed and given an opportunity to present their views.

After full consideration of all aspects of the trade, it was not found possible nor deemed in the best interests of the salt fish industry to adopt alternative methods of controlled marketing in the province of Newfoundland. Accordingly the export marketing of Atlantic coast salted fish after the 31st July, 1959, will be carried out on the basis of free competition.

The government will continue its present practice of supervising the inspection of Atlantic coast salted fish by the Department of Fisheries and will extend to exporters trade promotion assistance through the Department of Trade and Commerce in Canada and our trade commissioner service abroad.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I thank the minister for his courtesy in giving this statement to the house so that it will be known

to those on the east coast in case any questions may arise that anyone might like to have put to the minister tomorrow. I shall refrain from making any comment beyond that.

EXTERNAL AFFAIRS

SUMMIT CONFERENCE—POSSIBILITY OF MEETING IN CANADA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister, in respect of the invitation to the governments of the United States and the United Kingdom to hold the proposed summit conference meeting in Quebec, Canada, whether that invitation has also been extended to the governments of France and the Soviet union.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it got no further than I mentioned yesterday, although a formal invitation will be extended.

DEFENCE PRODUCTION

REPORTED PURCHASE OF SEAPLANES FROM UNITED STATES

On the orders of the day:

Mr. Guy Rouleau (Dollard): I should like to direct a question to the Minister of Defence Production. Can the minister confirm the announcement in today's press attributed to the director of the aircraft branch of his department that ten seaplanes are to be purchased from the United States for the R.C.A.F.?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, we must all admit that there is a need for such an aircraft. Also there has been press speculation in support of the SA-16 Grumman for the R.C.A.F. No contract has been awarded to the Grumman Engineering Corporation by the Department of Defence Production. A meeting was held yesterday between the air industries and transport association of Canada and the Department of Defence Production at which meeting officials of the department were advising the Canadian aircraft industry on the procedure for obtaining contracts under production sharing. Discussions are going on to see what equivalent work can be done in Canada. No contract has been signed. No press release has been made by any officials of my department. Discussions are continuing.

(Translation):

Mr. Rouleau: Mr. Speaker, may I ask a supplementary question? Is the hon. minister not aware of an article or report published in the *Globe and Mail* of March 24, 1959, to the effect that an order had gone through for the purchase of Grumman aircraft from the United States? That news item is reported to have come from Mr. Thompson, director of the aircraft branch of the Department of Defence Production.

Mr. O'Hurley: Mr. Speaker, I must say that the director of the aircraft branch of my department has made no statement nor issued any press release to that effect. As I said just now, discussions are going on and what equivalent work will result for Canadian aircraft industries, if agreement is reached, is not yet known.

(Text):

[*Later:*]

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of Defence Production. I should like to ask the minister if he would advise the house as to whether the statement attributed by the Toronto *Globe and Mail* of today's date to Mr. Thompson, director of the aircraft branch of the Department of Defence Production is true. The statement is to the effect—

Mr. Speaker: Is the hon. member asking about the same statement to which reference was made earlier?

Mr. McIlraith: No, Mr. Speaker, I am asking about a statement that is in the same press release but which was not covered by the earlier question.

Mr. Diefenbaker: The same press report, not release.

Mr. McIlraith: I stand corrected by the Prime Minister; it is indeed a press report. The statement attributed to the director is to the effect that the United States navy will not permit Canadian manufacturers to tender bids on naval defence contracts unless they are already producing items for the Canadian government. I should like to ask the minister if that is a correct statement of the position.

Mr. O'Hurley: Mr. Speaker, do I gather that the hon. member for Ottawa West would like information as to whether or not this statement was made by Mr. Thompson?

Mr. McIlraith: No, Mr. Speaker; I would like the minister to advise the house whether or not that is a correct statement of the position on this matter.

Some hon. Members: Order.

Mr. McIlraith: This is a matter of policy affecting the minister's department, and it is clearly in order.

Inquiries of the Ministry

Mr. O'Hurley: Mr. Speaker, a few moments ago I said that no official of my department made a press statement. Negotiations on this matter are continuing. This question relates to government policy. I have outlined the policy at various times during the session, and I shall certainly refer to this again when my estimates are once more before the house.

ST. LAWRENCE SEAWAY

LACHINE CANAL—REPORTED LAY-OFF OF WORKERS

On the orders of the day:

Mr. John Pratt (Jacques Cartier-Lasalle): I should like to direct a question to the Minister of Transport. Would the minister care to comment on a report in the newspapers that 38 long-term employees have been laid off from work in connection with the Lachine canal by the St. Lawrence seaway authority, in favour of new men.

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. Every possible effort has been made by the Department of Transport, the St. Lawrence seaway authority and the civil service commission to find jobs for these men as soon as possible.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. The minister will remember that I myself referred to this matter some time ago. Did the minister not make a statement recently that the Lachine canal would be operated as before? The question now is, why are these men being laid off?

Mr. Hees: The operation of the Lachine canal as a water through-way will be quite limited compared with its operations in the past, and fewer personnel will be required. We will retain just as many men as are required to do the work, and attempt to find employment for the others as quickly as we can.

Mr. Chevrier: But is it necessary to lay off some 40 men?

Mr. Hees: We are not laying off one more man than is absolutely necessary. We like to keep men working, and we do not let them off unless it is absolutely necessary.

PUBLIC BUILDINGS

HALIFAX, N.S.—FUEL USED IN BANK OF CANADA BUILDING

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to address a question to the Minister of Mines and Technical Surveys. Is it a fact that the minister has requested the Bank of Canada to use coal for heating the new Bank of Canada building in Halifax, but that the bank is insisting on using oil for heating purposes?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, in reply to that question I must say that this department has no authority to tell the Bank of Canada to use coal instead of oil. The Bank of Canada is an independent concern.

Mr. Robichaud: A supplementary question. Would the minister advise the house if he has approached the Bank of Canada and asked them to use coal?

Mr. Comtois: Yes, I can answer that. I can say that representations have been made to the Bank of Canada suggesting that coal might be used instead of oil, if it could be used, and the answer from the bank was to the effect that it was not economical, and to a large extent, to use coal instead of oil in that new building in Halifax.

(Translation):

AGRICULTURE

REPORTED DELAY IN RECORD OF PERFORMANCE TESTS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to ask the hon. Minister of Agriculture a question on behalf of the members of the Ayrshire Society of Quebec and the riding of Joliette-L'Assomption-Montcalm. For what reason has the Department of Agriculture not placed a larger number of herds under the record of performance tests?

(Text):

Hon. D. S. Harkness (Minister of Agriculture): There are approximately 3,600 herds now on test, of which 126 have been accepted since November 1, 1958. Applications have been received for an additional 60 herds. These will be accepted as soon as arrangements can be made to provide inspection without reducing service below minimum standards to herds now under test. Discussions are now in progress with breed associations for the purpose of revising the policy in such a way as to make it possible to accept promptly new applications which meet the requirements for inspection.

In short, this program has proved so popular that it has been difficult to keep up with all the demands for this type of service.

TRADE

WHEAT—REQUEST FOR STATEMENT ON EXPORT PROSPECTS

On the orders of the day:

Mr. Mr. G. J. McIlraith (Ottawa West): I wish to direct a question to the Minister of

Trade and Commerce. In view of the concern caused by the announcement by the dominion bureau of statistics as reported in this morning's Montreal *Gazette* that in the first half of the current crop year wheat exports from Canada were 4.5 per cent lower than last year, and that for the same period the combined exports from Canada, the United States, New Zealand and Argentina increased by 3.2 per cent, United States exports alone having increased in the same period by 11.2 per cent, has the minister any statement to make on future export prospects for Canadian wheat?

Hon. Gordon Churchill (Minister of Trade and Commerce): I should like to thank the hon. member for having given me notice of his intention to ask this question. There is no need for any alarm with regard to the wheat situation. Although our exports for the first six months are down by 4.3 per cent, that is by between six and seven million bushels, nevertheless the prospect for this year is that we shall reach an export total of 300 million bushels of wheat. Last year we set a record total of 316 million bushels. Even with the slight decline I have mentioned, our export total should amount to 300 million bushels.

We are in a world situation where exportable surpluses are greater than they were a year ago. At the same time it is expected that world trade in wheat will be higher than it was a year ago, which offsets to some extent the exportable surplus which is being held largely by the United States, Australia and Russia. However, Canada's position in the commercial markets of the world is still as good as it was a year ago. Some of the extra exports from the United States are very likely due to that country's surplus disposal program. In general, Canada's export position with regard to wheat is holding up very well and we shall experience another record year.

Mr. Hazen Argue (Assiniboia): A supplementary question. Taking into account Canada's current export of wheat, can the minister say whether it is a fact that at the present time Canada's net surplus of wheat is less than at the same date a year ago; also is there likely to be a reduction in the carry over at July 31, 1959?

Mr. Churchill: Yes, Mr. Speaker. In the crop year 1957-58 the surplus, which was set at over 700 million bushels in July, 1957 was reduced by over 100 million bushels, and the same amount of reduction is to take place in this crop year, 1958-59. Another 100 million bushels of that surplus will go into the world market for disposal.

WHEAT—CONFERENCE OF WESTERN EXPORTING COUNTRIES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Can the minister say whether the United States secretary of agriculture, Ezra Benson, is arranging in Washington within the next few weeks a conference of the major non-communist wheat exporting countries in order to discuss a joint export program and co-operation in the export field?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, there have been some items in the press forecasting arrangements of this order. I expect to receive official word with regard to this soon. This is in line with the proposals frequently put forward here by the Prime Minister himself with regard to a world food bank and suggestions of that nature, and the general disposal of surplus food products.

Mr. Argue: Do I take it from the minister's answer that Canada would welcome the opportunity of participating in such an important conference?

Mr. Churchill: Mr. Speaker, we are quite prepared to participate in any conference of this nature that would be of assistance to countries that are in need of food.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—INQUIRY AS TO APPOINTMENT OF CHIEF JUSTICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to address a question to the Prime Minister. In view of the fact that with only two judges in the supreme court of Newfoundland it is virtually impossible for the court to function as a court of appeal, and justice is thereby being denied to the people of Newfoundland, could the Prime Minister indicate whether it will be possible for him to recommend without further delay the appointment to fill the vacancy on the court which has existed for three months, and which on February 12 he expressed the hope of making at the earliest possible date?

Right Hon. J. G. Diefenbaker (Prime Minister): It is generally agreed that an effective court of appeal requires three members, so that when an appeal comes before the court, if there is any division of opinion the appeal will not be dismissed on an equal division of the court.

In the province of Newfoundland over the years the number of supreme court judges has been limited to three. The result has been

that the court of appeal has operated on a basis which, as I am sure the hon. gentleman will agree, was not beneficial to the administration of justice. This must have been recognized in 1957 when the legislature of Newfoundland provided for a further judge being appointed to the supreme court, that law to become effective on its proclamation by the attorney general of Newfoundland. For some reason that proclamation has never been brought about, and knowing the influence that the hon. gentleman has in Newfoundland I would suggest to him in the interest of that high standard of justice which all of us desire to achieve, he suggest the proclamation of that law which would expedite the setting up of a court of appeal which would have none of the weaknesses which would still be present even if the appointment in question had been made. I await the hon. gentleman's co-operation, knowing the power he possesses.

Mr. Pickersgill: Mr. Speaker, I shall be more than delighted to extend to the Prime Minister the co-operation he has asked for, but I suggest to him that the Newfoundland government would be more likely to proclaim this legislation if three months had not elapsed since the time the existing vacancy occurred. The fact is that there are only two judges, and for three months the Prime Minister has made no recommendation with respect to filling the existing vacancy.

TRANSPORT

PORT BORDEN-CAPE TORMENTINE—REQUEST FOR IMPROVED FERRY SERVICE

On the orders of the day:

Mr. O. H. Phillips (Prince): Mr. Speaker, I should like to direct a question to the Minister of Transport. Is the minister in a position to indicate the plans of his department for improved ferry service on the Port Borden-Cape Tormentine run?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. I wish to thank the hon. member for his courtesy in advising me of his intention to ask this question. As a result of representations made by all four of the hon. members from Prince Edward Island, the matter of the adequacy of the present ferry service has been made the subject of a special study which was launched last autumn and is expected to be completed shortly. It will be recognized that this problem cannot be treated entirely separately from the question of a causeway, in the long run, but apart from this the interim situation is receiving our urgent attention.

Hon. members from the island have also suggested that consideration be given to acquiring the passenger-vehicle ferry *Vacationland* or one of the other ferries formerly in use on the straits of Mackinac run, prior to the opening of the Mackinac straits bridge. This suggestion is being looked into.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask a supplementary question on the basis that when there was consideration of the supplementary estimates the other day the minister was absent and I asked this very question. Now the minister arises and states he answers the question because of inquiries from the four island members. The supplementary question I now ask is this. When were the studies started in connection with the causeway between the mainland and Prince Edward Island?

Mr. Hees: Several months ago, Mr. Speaker. I feel compelled to state that if I had known the hon. member intended to ask me a question the other day, naturally I would have made a point of being in the house.

FLOODS

BEAUCE, QUE.—REQUEST FOR BLASTING IN CHAUDIERE RIVER

On the orders of the day:

Mr. Augustin Brassard (Lapointe): Mr. Speaker, in the absence of the hon. member for Beauce, who has been prevented from returning to Ottawa because of a heavy storm in his district, I should like to direct a question to the Minister of Public Works. In view of the fact that several well-informed people in Beauce district foresee that floods this year will be even worse than those which took place in recent years, will the minister consider the possibility—without necessarily having received a request to that effect from the provincial government—of blasting the major ice jams in the Chaudiere river to lessen to that extent the danger of flooding which threatens local property owners?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I thank the hon. member for giving me notice of this question. I have checked into the situation, and it appears that there is no responsibility on the federal government for blasting these ice jams in the Chaudiere river. This is entirely within the jurisdiction of the provincial government.

DOMINION-PROVINCIAL RELATIONS

MANITOBA—FEDERAL AID IN PROVINCIAL DEVELOPMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether he or

any member of the government has received a request from the government of Manitoba for financial assistance to pay for part, at least, of the cost of the program of provincial development announced by the premier of that province a few days ago, in which announcement he said the federal authorities would be paying part of the cost.

Hon. Donald M. Fleming (Minister of Finance): I have received no such communication, Mr. Speaker.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, perhaps I could answer the question the Leader of the Opposition directed to the Minister of Finance. The premier of Manitoba did communicate with me relative to a plan for flood control on the Red river. The supporting material was received just a few days ago, and is now under discussion.

SHIPPING

GREAT LAKES—STATEMENT ON GOVERNMENT ACTION TO PROTECT CANADIAN INTERESTS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Friday last the hon. member for Port Arthur asked the Minister of Trade and Commerce a question dealing with subsidized United States shipping in the great lakes, and as this matter comes under the jurisdiction of my department I shall attempt to answer the question.

I assume the service to which reference was made is that from United States great lakes ports to the Caribbean including calls at certain intermediate Canadian great lakes ports. This service is of course international in nature, and the ships in the service being United States flag ships will not be able to engage in the coasting trade of Canada, that is the carriage of goods from one Canadian port to another. They will, however, be able to pick up cargo in Canada for a foreign destination, or pick up cargo in a foreign port for a Canadian destination.

This situation is being followed closely by interested departments of government.

FINANCE

REPORTED INTENTION TO BORROW MONEY BY UNEMPLOYMENT INSURANCE COMMISSION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour whether it is a fact that the unemployment insurance commission intends to stop selling securities which are entailing substantial losses as a result of the reduced market value of government bonds, and that it intends to borrow money to meet its current heavy financial requirements resulting from the present massive unemployment?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I would suggest that this question should more properly be directed to the Minister of Finance.

Mr. Martin (Essex East): I tried to ask a related question of the Minister of Finance the other day and he thought it was a question to be answered later. May I ask him now whether he can give a reply to this very important question?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, certainly no question resembling this one was directed to me the other day. Let me tell my hon. friend that the information he is seeking is just the kind of information that traders in the market would very much like to have, and it never has been the practice at any time to give that information to the public.

Mr. Martin (Essex East): Is the Minister of Finance not aware of the dangerous state of the fund at the present time and of the implications of such an act on the fund? I ask him that question.

Some hon. Members: Order.

Mr. Speaker: Order. The Minister of Finance has indicated that he does not think he should answer this question, and it seems to me it should be pursued at another time.

UNEMPLOYMENT INSURANCE

NEWFOUNDLAND—REPORTED DENIAL OF BENEFITS TO LOGGERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to direct a question to the Minister of Labour. Is the minister aware that unemployment insurance benefits have been denied since December 31, 1958 to the loggers who would otherwise qualify for insurance, if their last employment was not with the A. N. D. Company, regardless of whether or not they are members of the I.W.A.?

Hon. Michael Starr (Minister of Labour): The hon. member for Bonavista-Twillingate was good enough to give me notice of his intention to ask this question, Mr. Speaker. In the short interval I have been able to get the following information. I wish to say, Mr. Speaker, that any persons laid off before the strike, if qualified in the ordinary course of events, were getting their insurance. Those laid off on account of the strike, of course, could not draw, under the section of the act which stipulates that loss of work owing to a

labour dispute does not qualify a person for benefit. Those laid off prior to the strike but who are continuing out of employment on account of the fact that a strike is in progress come under the same regulations as those who are now out of work purely on account of the strike.

As to the actual situation in Newfoundland, it is as follows. Any disqualifications imposed on unemployed loggers as a result of the strike were lifted as of March 15. The reason for this was that officials of the unemployment insurance commission were informed that as of March 15 production at Anglo-Newfoundland Development was back to normal. Therefore the situation now is that any loggers still out of work after that date are entitled to ordinary benefits, or whatever benefits they would normally qualify for. In other words there is now no disqualification as a result of the strike now in effect.

Mr. Pickersgill: I should like to ask a supplementary question. Do I understand the answer to mean that in the opinion of the unemployment insurance commission the strike against the Anglo-Newfoundland Development Company is over?

(Translation):

SECRETARY OF STATE

CIVIL SERVICE COMMISSION—REPORTED DELAY IN DEALING WITH APPLICATION

On the orders of the day:

Mr. Azellus Denis (St. Denis): May I ask a question of the hon. Secretary of state? Last year, I complained that the civil service commission had decided to return to applicants the forms they had sent to the commission, with the reply that no competition was being held.

Could the hon. Secretary of State tell us whether, in the meantime, the situation has changed, or whether any change is contemplated for the future?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I did not quite get the question asked by the hon. member for St. Denis, but I understand the good suggestion he made last year has been acted upon.

[*Later:*]

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I ask a supplementary question of the hon. Secretary of State? I did not quite get the meaning of his reply. Does he mean that applications sent to the civil service commission are kept for a year, in case vacancies should occur in the meantime, as was done in the past when those applications were indeed kept for a year, either in the Post Office Department, or in the income tax division or elsewhere, and then, when a competition was to be held, applicants were notified of the date? Could the hon. minister make his reply as clear as my question?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, to reply as clearly as the question was put to me, I say yes.

(Text):

HOUSE OF COMMONS

TRANS-CANADA AIR LINES—PASSES FOR MEMBERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Transport. It has relevance because of the fact that so many of us are about to head home. What consideration has been given to the petition placed before him some time ago and signed by almost all members of parliament from Ontario and Quebec, offering to waive their own rights if the government would consider the introduction of a limited number of air passes or vouchers each session for members of parliament from the other provinces of Canada?

Hon. George H. Hees (Minister of Transport): A great deal of consideration, Mr Speaker.

Mr. Fisher: A supplementary question. Has the minister brought the question before his colleagues in the cabinet?

Mr. Hees: Yes, Mr. Speaker.

CANADIAN NATIONAL RAILWAYS

HAZELTON, B.C.—INQUIRY RESPECTING DERAILMENT

On orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Transport, and apologize for not having given him notice of it. Is the minister able to give the house any information regarding the C.N.R. derailment near Hazelton, British Columbia, in which one C.N.R. employee lost his life?

Hon. George H. Hees (Minister of Transport): I am still awaiting a full report, Mr. Speaker.

THE MINISTRY

PROVISION FOR APPOINTMENT OF PARLIAMENTARY SECRETARIES

Right Hon. J. G. Diefenbaker (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the appointment of parliamentary

secretaries to ministers, to provide for the payment of salaries to them at the rate of $4,000 per annum out of the consolidated revenue fund and to authorize the re-imbursement to them of reasonable expenses incurred by them in the discharge of their duties.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Fisher: Is the Prime Minister not going to make a statement?

Mr. Diefenbaker: Mr. Chairman, in moving the motion I shall say but little; I shall refer in general only to the history and then ask the support of the house for this measure because I have noticed, Mr. Chairman, a very considerable interest in this matter.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: May I say, sir, the interest has been shown in questions asked by the Leader of the Opposition and others surrounding him, the reasons for which are not completely apparent at the moment.

Mr. Pearson: I will explain.

Mr. Diefenbaker: I shall deal for a moment with the general history connected with the establishment of the system of parliamentary assistants, the beginnings of which go back to a recommendation contained in a report made on the organization of the public service of Canada in 1912 by Sir George Murray, who was given the responsibility by the then prime minister of Canada, Right Hon. Robert L. Borden. At page 10 the following appears:

> Under present conditions there is only one political officer in each department, namely, the minister in charge of it. As a cabinet minister he has work of the highest importance to perform outside his department; and even if the relief which I have above indicated could be afforded to him within his department—

Which consisted of suggestions as to changes that might be made in order to improve the administration of the various departments.

> —his parliamentary and other duties would still be a heavy tax on his time, especially in the case of those ministers who are in charge of the more important departments.

Then there was a further reference to the same matter by a special senate committee on the machinery of government in 1919, the chairman of which was the late Senator J. S. McLennan. At page 11 of the report it is stated:

> We propose that time be made for these duties—

The reference is to the responsibilities of a minister and his duty to shape policy.

> —by the employment of parliamentary undersecretaries as assistants to the ministers. We conceive that their highest usefulness will be found by not circumscribing their duties to occasional replies to a question in parliament, but by making them active and indispensable forces in the working of the departments.

It goes on to set forth the views of that committee, which at the moment I want to make very clear are not necessarily adopted or accepted by the present government. Then you will recall, sir, that in 1936, following the change of government and the return of Right Hon. Mr. King as prime minister, the speech from the throne in that year contained the promise that at the session of 1936 parliamentary secretaryships would be provided.

Well, my hon. friends opposite had a moment of jollity as I commenced. I point out that seven long years passed by before there was any further reference to that subject by the then prime minister or his government. It was not until 1943 that anything further was done in that connection.

It is a matter of interest that there were members supporting the government of that day who were in favour of the establishment of the system. That very distinguished lawyer, A. G. Slaght, who was a member of this house, dealt with the question in 1936, believing that the speech from the throne did indeed reveal the expectation of a hope to be attained. Then on February 12, 1942, as found at page 539 of *Hansard*, Mr. Slaght put forward in the house a number of names of members of parliament from the government side who would be suitable to act as parliamentary secretaries. As a member of the opposition then I remember the surprise of the present Minister of Public Works and myself at being referred to by Mr. Slaght as potentially qualified parliamentary secretaries. That was in 1942. That was just a step in the direction, according to Mr. Slaght at that time. He said that parliamentary secretaryships or assistantships constituted a training, as I remember, that ultimately led to the attainment of cabinet rank.

Various other references have been made to the subject, and textbook writers have dealt with it at great length. I simply point out where hon. gentlemen may secure the fullest references. There is the late Mr. Dawson's work, "The Government of Canada." He referred to the subject at length at page 265 and following. I am going to content myself with merely giving one reference, in which he says:

> The case for parliamentary assistants is overwhelming. They make possible, through a greater consolidation of departments, a desirable reduction in the number of members in the cabinet; they allow the prime minister to give more equitable and wider representation to various provinces; and they furnish the finest training for young promising members who aspire to cabinet positions.

Provision for Parliamentary Secretaries

Then he refers to the words of Mr. King at the time he introduced the expenditure provided by the estimates with respect to this matter. Without being facetious in any way I must say that I am looking forward to hearing Mr. King's Boswell, the hon. member for Bonavista-Twillingate, give us that knowledge which is peculiarly his respecting this organization and the manner in which it functioned.

Appointments were made, the earliest being made in 1916. The government of Sir Robert Borden made provision for such appointments first under an order in council passed pursuant to the powers contained in the War Measures Act and later by act of parliament. It is interesting to know that among the first named in July, 1916 was Colonel Hugh Clarke, member of parliament for Bruce, who is still alive today and is an outstanding publicist and public spirited man whose devotion to Canada is recognized by all of us without regard to party. Mr. McCurdy was appointed parliamentary secretary for the department of militia and defence, later on resigning and being succeeded by Colonel Clarke who in turn was replaced by F. H. Keefer, M.P.

I am not going to place the orders in council on the record. It was provided, however, that the appointments would be limited to the continuance of the then war, and that appointments might be made from either house of parliament. I think I can do no better than refer to the remarks of Mr. Mackenzie King on this subject. He dealt at very great length with the establishment of the system of parliamentary assistants, and the debates in that connection are to be found in *Hansard* for April 20 and 21, 1943. The general purpose of the establishment of a system of parliamentary secretaries is to make parliament more effective, to make provision for assistance in many of the phases of a minister's life and thereby lighten the load of responsibility which rests on those who occupy the treasury benches.

Indeed, as one reads the remarks of Mr. Mackenzie King one is impressed by the experience he had as it is revealed in the course of his speech, as well as the speech made by the late Viscount Bennett when the subject came up in the house in 1936, concerning the responsibility that rests on those who are charged with office under our system of democracy.

Our purpose is at all times to improve and strengthen parliament as an institution; to make possible an opportunity for members in various parts of the country to learn of the operations of the departments and to participate in a specialized manner in doing those things which are allotted the departments under statute and as particularly interpreted and applied by the ministers. After all, the major question is to keep parliament in a position of not being unchanged and unchangeable.

I believe in this regard I have the approval of a very profound student of this subject, and I say that with respect, the hon. member for Bonavista-Twillingate. We maintain ancient traditions; we change to meet those changes that come about through the complexities of modern government. We change some of the forms, but maintain the mandate. We alter, to meet altering conditions, the techniques of parliament. We do not change the great and abiding things that have remained with us as our legacy from the generations past.

Some years ago changes were made when the rules committee was set up. I viewed those changes in the rules with some doubt before they were presented. After they were presented they represented a step forward and had the unanimous support of members from all sides of the house. I feel there are many other changes we might make, but I do not want to divert in that connection. As I visit other democratic institutions I find, for instance, that in the recording of the vote in India, in the representative parliament of that country, it takes less than a minute and a half whereas in this house it takes from 15 to 25 minutes. After all, I believe those changes are changes of the type that could be considered. They derogate nothing from the dignity of parliament, but they do bring about that saving of time which is necessary so that other matters of greater consequence may receive the fullest consideration.

Now, sir, one of the outstanding works on the subject of the relationship between ministers and parliamentary secretaries is that of the outstanding leader of the Labour party in the United Kingdom, Right Hon. Herbert Morrison. In his book "Government and Parliament", he sets forth on pages 59 and following something of the condition of affairs in the United Kingdom parliament. He says:

> Each departmental minister usually has a parliamentary secretary to assist him, but in some of the larger departments there may be two. Mostly, they are members of the House of Commons, or if not, then of the House of Lords. They must not, of course, be confused with the permanent secretary who is the senior civil servant in the department. Nowadays, they are selected by the prime minister in consultation with the minister concerned.

In the United Kingdom, while they are not appointed by the sovereign, the sovereign in every case is entitled to be informed of

the proposed appointment although constitutionally he has no powers. The reason for the system of parliamentary secretaries, as viewed by Mr. Morrison, is that in the main they constitute a help to the ministers and also enable that training to be received that, in some cases, does bring about the attainment of further advance. Assistance is given thereby to the answering of questions and familiarization with public administration.

Those were some of the points mentioned by Mr. King when in 1943 he introduced the measure. He said that one of their purposes is to assist, in general, in any capacity in which the minister may deem advisable; to keep in touch with other members. But, he pointed out, appointment did not mean attachment for all time.

In 1943 Mr. King was asked why it was that a period of time had passed by, a period of seven years. He said he did not know why the appointments were not proceeded with, and he followed that by dealing in general with the difficulties which he, as prime minister, was experiencing, and which prime ministers in general experience. I think in general we are now carrying out what Mr. King had in mind in 1943 when he first introduced the system. A question was asked as to why he proceeded by an item in the estimates rather than a bill, and he gave his answer on April 20, 1943, as reported at page 2380, which was as follows:

> That causes me to say a word as to why I am asking the house to vote the necessary supply by an item in the estimates rather than to support a bill setting out more or less in detail the duties and functions of those who are to fill these positions.

Mr. Pearson: May I ask the Prime Minister from what page he is reading?

Mr. Diefenbaker: That is page 2380.

Mr. Pickersgill: That is the unrevised.

Mr. Diefenbaker: Unrevised.

Mr. Pickersgill: I am sure the Prime Minister intended no reflection by that observation.

Mr. Diefenbaker: Oh, I am surprised there would be any such suggestion, though I am referring to the unrevised issue. My friend should not read into the use of the word "unrevised" any meaning like that.

Mr. Pickersgill: I was reading the faces of hon. gentlemen opposite.

Mr. Diefenbaker: I want to tell my friend that he is able to read a lot, but he is not very good with physiognomy. Before this interlude I was reading what Mr. King said:

> I believe the experience of the past, particularly that at the time Sir Robert Borden made an effort to establish under-secretaryships, has shown that it is preferable in time of war, and for the year immediately following war, to regard these as more or less temporary positions. Undoubtedly the house will in the interval become accustomed to the practice of having parliamentary assistants to ministers. We will see the advantages and disadvantages of the practice, and I should hope that, as soon after the war is over as possible, a bill might be passed which would serve to perpetuate the system, and which would be so drafted as to make quite clear the functions and duties of those appointed to this office.

I see no reason why I should not say that, in doing what we are now about to do 14 years after the end of the war, we are doing that which Mr. King suggested would be done after the war.

As I see it, the system is one that will bring about a degree of apprenticeship for members who are chosen to occupy this high and important position, and will enable ministers to delegate some of the functions which my hon. friends opposite realize must necessarily be performed under the responsibility of ministers but actually under their direction can be delegated to others.

I am going to say no more than this. With the fortification of the experience of the past, with the determination expressed by Mr. King through the lips of the Governor General in 1936 that the legislation for a system of parliamentary secretaryships would be proceeded with at that session, with the confirmance of that determination somewhat abbreviated in the intervening years in 1943, which resulted in the translation of the determination into parliamentary assistantships, I hope the house will give support to this resolution and make possible the attainment of that further step in the evolution of the House of Commons which has been found to be effective in the mother of parliaments and also in this parliament.

Because of the fact that the system is to be embodied in statute form, there will be removed any suggestion that the acceptance of a position as parliamentary assistant is in any way a contravention of the Senate and House of Commons Act, and I hope that general support will be given to it. Indeed, my friend the hon. member for Bonavista-Twillingate inferentially dealt with this fact when, in the last session, he referred to his feelings as to the result that might flow from appointments of members in the House of Commons to positions of emolument under the crown except through statutes. All of that fear and all the arguments he then advanced will be removed if parliament passes this bill which legalizes the appointment of parliamentary secretaries, thereby making a further advance in the assurance of the maintenance of the mandate which rests on parliament as a whole.

Provision for Parliamentary Secretaries

Mr. Pickersgill: Would the Prime Minister permit me to say that I did not call into question in any way the complete legality of the item with respect to parliamentary assistants.

Mr. Pearson: Mr. Chairman, I do not desire to detain the committee for any length of time, because this is a resolution which we propose to support. Indeed, it would be strange if we did not support it, because it merely restores the practice which was introduced by a government representing our party and which operated with reasonable success over some years while we were in office. When an item was put in the speech from the throne on this matter after there was a change of government, that item dealt not with the initiation of a practice but with the continuance of a practice which had been in existence for some years.

Mr. Diefenbaker: To what item is the hon. gentleman referring?

Mr. Pearson: I mean when, in the speech from the throne, it was stated that parliamentary assistants would be appointed. As hon. members of the committee will recall, last year there was an item in the estimates. That apparently was the way in which the matter was to be dealt with at that time. That item was discussed at or near the end of the session, and no action was taken with regard to it. In that sense it was a useless vote, and we naturally wondered why the government did not proceed to implement the authority which had been given to it. Does the Prime Minister not understand "the sickening pangs of hope deferred"?

Mr. Diefenbaker: I had that for only six months.

Mr. Pearson: Or, as the scripture puts it, hope deferred maketh the heart sick. But perhaps his delay on this occasion was due to his realization that gratitude is only a lively sense of anticipation of favours to come. In any event, Mr. Chairman, another move has been made, this time not by an item in the estimates as was done last year but by legislation.

The Prime Minister had indicated why he thinks legislation is preferable as a procedure in this regard. If this resolution carries and if a bill is introduced which also carries, perhaps we on this side of the chamber—and the Prime Minister has already made reference to that matter, particularly with reference to myself—will be relieved of requests from hon. members opposite to keep on asking questions. Perhaps also the House of Commons will be relieved of some of the extravagantly laudatory speeches made on occasion by hon. members opposite who have been preaching for a call.

The Prime Minister anticipated, as he so often does, the point I would be likely to make about delay, by pointing out that there had been far longer delay in the past.

The Prime Minister mentioned that the history of this question of the appointment of assistants to ministers goes back, I think he said, to 1912. I have not gone back as far as that in my own researches but, of course, I do recall that during the first war there was a parliamentary assistant, though he was not called that, to Sir Robert Borden, and that Mr. King made an appointment of that character when he became Prime Minister in 1921. Then, in 1936, as the Prime Minister reminded us, there was a reference in the speech from the throne to legislation for the appointment of parliamentary secretaries, and the Prime Minister has already indicated that there was a long delay in carrying out that promise.

If the Prime Minister had read the debate on the address in reply to the speech from the throne in 1936—perhaps he did read it—he might have discovered the reason for this delay, because Mr. R. B. Bennett, as he then was, took exception to this proposal. He said he was in favour of the principle but that he was sure it would not work out well in practice and was obliged to conclude, reluctantly, that such appointments would not be wise. And perhaps the Prime Minister of that day, showing a consideration for the views of the leader of the opposition which is not always shown, might have decided not to proceed with the matter as long as Mr. Bennett was in the house.

In any event, no action was taken in 1936, as the Prime Minister has pointed out, but the question was reintroduced, as the hon. gentleman said, in 1943, during the war. At that time the spokesman for the official opposition Mr. MacNicol—I think he was the member for Toronto Davenport—expressed himself as wholly opposed to the idea of such appointments and to the item inserted in the estimates to enable the idea to be carried out. Indeed, he moved an amendment, seconded by our friend from Toronto Broadview, Mr. Church, whom some of us will always remember, to reduce the amount in the estimates to $1. Led at that time by Mr. Gordon Graydon, also a very good friend of many of us, the opposition voted in favour of reducing the item to $1.

Mr. Diefenbaker: Where does the hon. gentleman see in the record that Mr. Graydon voted against it?

Mr. Pearson: It says that the amendment was moved by Mr. MacNicol and seconded by Mr. Church. These were two distinguished members of the opposition, so I assume that

the party all voted together. There is nothing in the record which says they voted against it, but I am inferring that the opposition voted against the item which was carried only on division; I have no evidence to prove that all of them did.

Mr. MacNicol, in moving his amendment at that time, in his statement which appears on pages 2346 and 2347 of *Hansard* of 1943 may have given some indication of the difficulties which had delayed the prime minister of that day in putting this proposal into practice. In expressing surprise at the delay which had occurred Mr. MacNicol said that the prime minister had no doubt been "besieged and importuned by an enormous majority of some 67, a wholly unnecessary majority, and he went on to say, as reported on the next page:

> The late Sir Robert Borden had the same difficulty—
>
> The difficulty of selection.
>
> —when he was prime minister. He had a majority of forty-six. Such a large majority puts too much pressure on the prime minister. With a smaller majority the prime minister and his ministers would be able to do better work. At the present time they must be constantly harassed by those asking for political appointments or political preferment. That is the trouble with too great a majority.

That is what Mr. MacNicol said in attempting to explain what he thought must have been Mr. King's difficulties at that time. It was an explanation which had a bearing on the delay which took place in implementing the promise of 1936.

Well, the question was settled for the time being. Parliamentary assistants were appointed, but there was a good deal of discussion in the house from 1950 onward, as the Prime Minister will recall, as to the role, functions and value or otherwise of these parliamentary assistants as they were called at that time. On February 12, 1951, the present Minister of Justice worried about the role of the parliamentary assistant in the House of Commons and complained about the growing practice of parliamentary assistants speaking for the government.

Mr. Diefenbaker: On what page is that to be found?

Mr. Pearson: If the Prime Minister will look at page 267 of the *Hansard* of February 12, 1951 he will find it. I am paraphrasing, but fairly I think, what the worries of the present Minister of Justice were at that time. Those worries stemmed from what the Prime Minister thought—and I am not disagreeing with him—was the chief value of these appointments, namely that they allowed ministers to delegate some of their duties and authority.

Mr. Diefenbaker: Not their authority, their responsibility.

Mr. Pearson: Their responsibility and their duties. Ministers cannot, of course, as privy councillors delegate their authority to anyone, The present Minister of Justice was worried also lest parliamentary assistants be tempted, as he thought they were being tempted, to make statements, particularly outside the house, which might infringe the principle of cabinet solidarity by which they were not bound, not being privy councillors, but by which they might appear to be bound in some sense since they were parliamentary assistants.

Furthermore, on later occasions, particularly in 1956, as will be found on page 3522 of *Hansard* of that year, Mr. George Drew objected, and objected strongly, as perhaps the Prime Minister may recall, to the growing practice of parliamentary assistants making statements in the House of Commons on behalf of the government. He felt that statements of any importance should be made in the house by ministers and not by parliamentary assistants. On one notable occasion he had, if I may put it this way, quite a run in with the then minister of agriculture with regard to this matter. Indeed, the Minister of Public Works, as he now is, also took up this very point on June 7, 1954 when he argued that parliamentary assistants should not try to take the place of ministers in piloting bills or resolutions through the House of Commons.

Thus, there has been a good deal of discussion on this matter over the years, and while, having had some experience in the operation of the practice of appointing parliamentary assistants, from my own experience, I think they can be a useful and valuable adjunct to the machinery of government, no doubt there is some substance to the misgivings which hon. members have from time to time raised in the House of Commons with regard to their position in the constitutional scheme of things being misunderstood.

I note that the government has decided to proceed by way of legislation rather than by way of placing an item in the estimates. There is something to be said for this method, which is one that has been followed in the past. It has also been departed from in the past. There is this disadvantage however, about procedure by way of legislation—it is more inflexible than the procedure of placing an item in the estimates. In the bill which will be submitted in due course a specific number of parliamentary secretaries is mentioned, and if the government in the future desires to alter or add to that number it could only do so by way of amendment to existing legislation. Also whereas when we were in office we referred to this group as parliamentary assistants the

government has now decided to change the title to parliamentary secretaries. Possibly this is not a matter of any great importance but it is a change and perhaps in due course we will be told why that change was made.

In conclusion I need only say that when the bill is before us we will examine it and have something more to say about it. At the present time I can state on behalf of the members of this party that we support the resolution. We agree that the appointment of parliamentary assistants—parliamentary secretaries, sorry—will take some of the burden from the shoulders of ministers. Some of us over here have reason to appreciate how very heavy that burden is. If they can be relieved in a proper way of some share of that burden by the appointment of parliamentary secretaries that should add to the efficiency of government. In this house on whatever side we may sit, we are all interested in the efficiency of government and all are anxious to do what we can to increase it.

Mr. Herridge: Mr. Chairman, when I view some of the anxious looking faces on the other side I am reminded of that ancient line, "To live by the will of one man is the cause of all our misery." Members of the C.C.F. group support the principle and purpose of this legislation. We, like the Leader of the Opposition, recognize the heavy burden imposed on senior members of the cabinet by their responsibilities under modern conditions and the need for the help of qualified persons to lighten that load, particularly while parliament is in session.

Before proceeding further I wish to thank the Prime Minister for his historical review of the situation from 1912 until this monumental day. I also enjoyed the summary of the history of parliamentary assistants and parliamentary secretaries to which we were treated by the Leader of the Opposition.

In my opinion when the bill is introduced, to be correctly named it should be entitled, "A bill for the relief of the suspense of certain Progressive Conservative members who have been waiting in the wings for over a year;" short title: "An act for the appointment of parliamentary secretaries."

We also endorse the government's decision to provide for the appointment of parliamentary secretaries by an act of parliament rather than continuing the former unsatisfactory, somewhat questionable and piecemeal procedure. When this legislation is passed parliamentary secretaries will be able to accept their remuneration in good conscience and without any fear of criticism in so far as the propriety of the remuneration is concerned inside the house or out.

This apparently unpretentious legislation is of far greater significance than its simple language would suggest. First of all I must say rarely does a prime minister have occasion to introduce legislation with such interesting implications as this. This must be important legislation because the Prime Minister is piloting it and he attends only to the more important things that happen in this parliament.

This legislation will receive the unanimous approval of all parties in this house and the whole-hearted and fervent support of the Prime Minister's followers although this will be followed later, when the legislation is proclaimed, by the keen disappointment and heart rending of a certain number of the Prime Minister's disciples. I witness the air of expectancy on the government benches, the shining eyes all fixed on the Prime Minister in adoration, supplication and in anticipation. I might say, not only shining eyes but in two cases, dewy eyes.

Soon the Prime Minister, the director of the nation's greatest stage, will have to choose the preferment from the many aspirants among his followers those who are to play supporting roles in the cast of that great drama, the Canadian vision, playing continuously to interested audiences since June 10, 1957.

I cannot resist commenting that with one lightning, legislative stroke the Prime Minister—not understood as yet by hon. members of this house or by the people of Canada, but they will see through it in the future—has clearly separated the ranks of those who believe in free enterprise into Progressive Conservatives and Liberals. With this measure the Prime Minister casts out the word "assistant" with its plebeian origin, history and meaning. Not for him to be surrounded by persons recognized as underlings and underworkers or known as assistants after the fashion of the smaller retail trades. Instead, the hon. gentleman introduced the word "secretary", derived from the Latin and of ancient usage, meaning according to the dictionary, "a scribe with learning, a confidential officer"; a word replete with Tory, Disraelian, and foreign office tradition and meaning.

In this bill the Prime Minister indicates his disapproval of the language and words used by the former prime minister, Mackenzie King, and his regard for the principles and practice of Disraeli, Balfour and Baldwin. This legislative bow to the great Conservatives, this renunciation of Liberal practice, will cause doubting Tory chests, far and wide, high and low, to breathe a sigh of relief knowing that in the use of the word "secretary" the party has returned to first principles and represents a brand of free enterprise distinct from the wavering and plebeian

course of Liberalism. This measure demonstrates beyond the shadow of a doubt the deep and unbridgeable gulf between the Progressive Conservatives and the Liberal party.

I shall now turn from a philosophical approach to a microscopical appraisal of this legislation. Parliamentary secretaries can play an important part in parliament. According to my reading on the subject—and I have done a little reading on these questions over the years—they are required to be persons of intelligence, initiative and industry; to be sedate, sedulous and sagacious; to be pleasant, plausible and pleonastic. Their duties and responsibilities have been defined as a result of long experience in the parliament at Westminster.

Although I was a bit flustered at first when I thought the Prime Minister was going to steal my quotes, I confess I was pleased when I saw him refer to that very excellent volume, "Government in Parliament", written by the Right Hon. Herbert Morrison. I congratulate the Prime Minister for going to Labour Party authorities for his material. I wish to quote briefly from this volume because I trust that after the parliamentary secretaries have received their appointments and their anxiety is relieved, to that extent they will use the *Hansard* of this day as the Canadian encyclopedia for parliamentary secretaries. At page 66 of this book I find the following:

Life of a Parliamentary Secretary

The life of the parliamentary secretary can be interesting and fairly full, or, on the other hand, uninteresting and rather empty according to the attitude of the minister and, to some extent, the higher civil servants. If, departmentally, he is left out in the cold or given little or nothing to do it is, I think, cruel, foolish, and unfair.

We saw some of that in the session of 1957. I continue:

It is cruel because it will develop unhappiness and bitterness in the heart of the parliamentary secretary; it is foolish because the parliamentary secretary of today is a possible minister of the future and it is desirable for him to learn all he can, including the taking of responsibility; it is unfair because, apart from creating a feeling of frustration, it makes a fool of the parliamentary secretary when he hears through other channels of things he ought already to have known about, and is driven to tell inquiring M.P.'s that he is sorry but he knows nothing about it. Nor should it be forgotten that he has important duties to discharge with and for the minister from the treasury bench. Moreover, there is the important consideration that the proper employment of the parliamentary secretary can lighten the burden of the minister.

And we all agree with that. I think that has been mentioned by the Prime Minister and by the Leader of the Opposition. I have one more short quotation which is found at page 69, as follows:

There is another possible injustice to parliamentary secretaries, namely, leaving them out of office consultations and conferences. Obviously it is not always right or convenient to have them present, but systematically to leave them out means that they do not know the background of policy decisions. Moreover, even listening to their chief handling such meetings is an experience and an education which may help them if and when they come to shoulder bigger responsibilities. It was my general rule, therefore, to give instructions that the appropriate parliamentary secretary or secretaries should be present at such gatherings, and I would see to it that they had an opportunity of contributing their views, even though they were by no means always accepted. This not only assisted our deliberations and brought them into the inside of things, but helped them to learn the delicate art of the ministerial handling of civil servants. In the end I would give a decision, but, even though it was a decision that some did not want, everybody would go away happier for having had a share in the deliberations.

I think there is a lot of wisdom in that paragraph as written by the Right Hon. Herbert Morrison.

Another thing, Mr. Chairman, in Great Britain parliamentary secretaries are extremely polite to members of the opposition. In that connection and to illustrate the competence of parliamentary secretaries in Great Britain I would quote a model of lucidity, detail and good diction from a question and answer, a question asked of the parliamentary secretary to the minister of works, which is equivalent to our Minister of Public Works in Canada. The question was:

Mr. Hector Hughes asked the parliamentary secretary to the ministry of works, as representing the lord president of the council, if he will instruct the department of scientific and industrial research to collate, with a view to publication, all scientific information obtained by Her Majesty's government from the recent flights round the earth of the Russian satellite and its appendage.

I do this for the benefit of the hon. member for Victoria-Carleton because I suspect he has been practising. The parliamentary secretary replied in this style, and I offer it to the members as a model:

In consultation with the Royal Society a "World Data Centre" has, following on the international geophysical year, already been established at the radio research station of the department of scientific and industrial research. One of the functions of the centre will be to maintain a bibliography of scientific publications relating to observations on the Russian satellites and associated rockets. This is within the executive function of the research council of the D.S.I.R.

I offer this as a model for budding parliamentary secretaries to study. I notice there has been press gallery comment with respect to parliamentary assistants, and on a number of occasions throughout the years I have seen comments made. Apparently they were not

held in the greatest esteem by some members of the press gallery. I am going to quote one member, that very well-known member of the press gallery, John Bird, who writes about the birds:

> The parliamentary assistant among the birds of parliament hill, is the little red-capped chipping sparrow. Every year you may see him proclaiming his territory from the top of a light standard above the terrace. His song is a monotonous, unmusical trill, like an insect's. This he repeats over and over, with "damnable iteration", but small conviction. Like those other assistants, inside the "Big House", he tells his story by rote, with little hope of persuading anybody, since he so obviously lacks authority.

I quote this because I trust that the parliamentary secretaries to be appointed by this legislation will be a more valuable species, playing a more melodious and satisfactory tune.

I am getting along with my few brief remarks, Mr. Chairman, and I wish to say that we in this group want the answers to a number of questions about parliamentary secretaries. I trust the Prime Minister will give us the answers before the debate is concluded.

Will the parliamentary secretaries be given the status of junior ministers, as they are in Great Britain? What will be their standing in the order of precedence for which there is no provision at this time in Canada? I know that one of the presently budding parliamentary secretaries is rather a stickler for etiquette in the form of dress and precedence. Will they be required to wear a top hat and tails on important occasions?

I also want to know whether there is to be some definition of the duties and responsibilities of parliamentary secretaries. In that respect, I mean that members in the opposition are anxious to know clearly what are the duties and responsibilities of parliamentary secretaries and how far they are justified in trespassing on their time, and so on. Then, we want to know whether the appointments are made for a fixed period of time, for a session or for a parliament or in view of the Prime Minister's reference to the constitutional aspects of the question, are they appointed during good behaviour or at pleasure?

The Parliamentary Guide indicates that a number of potential parliamentary secretaries hold directorships. Three are directors of lumber companies; one is a director of an insurance company; one is a director of a telephone company; another is a director of a coal and coke company; another was national director of the Progressive-Conservative party in 1943-1949; and another rising star was president of the young Conservatives of Canada in 1956-1958.

We in this group, Mr. Chairman, insist on the British practice being followed when they receive their appointments. They must divest themselves of directorships in companies.

I notice also in the ranks of the potential parliamentary secretaries there are a good number of members of the legal profession who are also members of legal firms or partners in legal firms. These gentlemen are in a rather unusual position. They will be making some sacrifice in accepting the appointment—not all but some of them—as parliamentary secretaries, because we all know that no member of the Progressive Conservative party who is a parliamentary secretary would for one moment think of allowing any particular firm of which he is a member to accept any government business. We want to make our position perfectly clear in that respect, and what we expect.

I now come to another matter. As I understand it, strangely enough the parliamentary secretary will properly receive a larger remuneration than a minister without portfolio. How is that matter going to be adjusted in fairness to everyone concerned, and to comply with the procedure in this legislation.

I want to mention one other thing to which we in this group have given some thought. The Prime Minister has not followed the practice of the former government in appointing the government leader in the senate to the cabinet. We consider that that practice had considerable merit. I think I know the Prime Minister fairly well. He is a person who usually takes the middle course. I know that whenever I see him oscillating between two points of view he will stop at six o'clock. We have a recommendation to make in this respect. In view of the new policy of appointing parliamentary secretaries, would it be possible for him to take a middle course and appoint the government leader in the senate as a parliamentary secretary? In fact, he could be the chief parliamentary secretary, a sort of mother hen, as it were, for the newly hatched brood of parliamentary secretaries in the House of Commons. I just throw that out as a suggestion.

I have dealt with some matters that concern us with respect to these appointments and I trust the Prime Minister will be able to give answers to my questions before the debate concludes. However, on behalf of those parliamentary secretaries to come, those unknown faces opposite that will be known to us after the Easter recess, I presume, I wish to quote the comforting words used by the late Right Hon. Ellen Wilkinson who was a member of the labour cabinet in Great Britain, a very fine woman who unfortunately passed away in 1947. She had

a great wealth of common sense, understanding of human nature and a great appreciation of parliamentary practice. When she was dealing on one occasion with the duties, responsibilities, hopes, aspirations and disappointments that follow in the wake of those who become known as parliamentary secretaries, Ellen Wilkinson suggested these beautiful lines from "Indian Love Lyrics" as a dirge for unhappy parliamentary secretaries:

> Less than the dust, beneath thy chariot wheel,
> Less than the rust, that never stained thy sword,
> Less than the trust thou hast in me, my lord,
> Even so, am I.

Mr. Fisher: Mr. Chairman, after the very thorough review we have had of all the possibilities, philosophies and theoretical difficulties in connection with parliamentary secretaries I do not know that I have anything to contribute beyond what I originally intended to say and that is something which has not been covered by the previous two speakers. In effect I wish to offer the Prime Minister what one might call a short list of good prospects from an outside point of view. He will be aware that no member of parliament can make cutting, nasty or slighting references to other members of parliament so this means that all my remarks have to be on the right side of the borderline toward the good, the favourable and the sweet.

I should explain the origin of my making such suggestions by way of a contribution to the debate. When the house met for the first time last year and there were approximately 180 new members, many of them young, eager and full of the vision, I think all of us were aware that the whole house seemed to throb with energy and ambition. One of the great features of the House of Commons is that we are not confined within separate party channels. Fortunately we do mix and have our conversations in very many places. All of us get a finger on the pulse of what is going on in the other parties and since there are some 208 people in the government party we have some idea of what is going through their minds and what are the ambitions and feelings of these people.

I know that we are all peers here but as an ordinary member for parliament naturally I am not in touch with the ministers. Nonetheless perhaps I can bring something to this debate for the benefit of the Prime Minister. I do not feel I have the antenna that the Prime Minister perhaps had in getting the feelings of people throughout the country but I suggest that my antenna has been in operation feeling the moods and aspirations and in some sense getting a cross-section of the ability of the potential parliamentary secretaries.

Picking parliamentary secretaries or parliamentary assistants as they were called is all part of what has been going on for a long time in Canada, the organization and selection of the cabinet. The Prime Minister quoted Mr. Dawson who has written the standard work on the government of Canada. Normally a prime minister has to consider when forming a cabinet the factors of geography, region and province. They are very important. You cannot slight one part of the country. He has to look at religious considerations and to a certain extent, I suppose, at ethnic considerations so far as the other major group is concerned. Then, of course, there are always the political considerations. There are such things as shaky seats that perhaps a little bit of a push will help. All these factors come into play.

One of the things I most admired about the Prime Minister when he formed his cabinet was that he did not restrict himself to what many political scientists considered had become the pattern, namely that Quebec had to have five members of the cabinet, four of whom had to be French Canadian Catholics and one an English speaking Protestant; that Ontario had to have a certain number, and that the ministers of public works and justice had to come from Quebec. He more or less threw such considerations aside and left the field fairly wide open. I think anyone who will look at the cabinet as it was first appointed and as it is now will agree that is so. Traditionally, even in the days of the great mentor, Mackenzie King, parliamentary assistants also were usually appointed with these geographical factors in mind but the present Prime Minister again gave us an indication of his range of view and the fact that he would step outside standard procedures.

I have a list here of the 13 parliamentary assistants appointed two years ago and it is very interesting and flattering to me as a member from Ontario that eight of them were from the province of Ontario, true recognition in my opinion of high educational standards and a great amount of ability. There was one from Quebec, one from Alberta, one from New Brunswick, one from Nova Scotia, one from Manitoba, none from Prince Edward Island, none from British Columbia and none from Newfoundland. This seems to me to be an indication that the Prime Minister is going to pick his parliamentary secretaries to quite an extent on the basis of their ability and flair rather than on the basis of strict geographical considerations or other such factors.

The Leader of the Opposition referred to another point that arises with regard to

parliamentary secretaries, a point about which the Minister of Justice spoke a few years ago, the question of cabinet solidarity. In choosing these parliamentary secretaries the Prime Minister and his colleagues will want to pick people who they feel will fit into cabinet solidarity.

There is also the question referred to by Mr. Morrison, Mr. Dawson, Mr. King and other authorities, the jealousy or fear that may develop when there is an incompetent or relatively incompetent minister and a young, thrusting, ambitious parliamentary secretary. These things indicate that there are hardly any rules that can be laid down as to the relationship between a minister and his parliamentary secretary but there is a need to have parliamentary secretaries who will be affable and who will to a certain extent know their places.

Another factor that is involved is one that the Prime Minister has already mentioned, and that is this question of "young". In parliamentary terms, just what is young? I checked the age of the parliamentary assistants who were appointed two years ago, and while I do not want to go into detail by going through the roster, there are two names on the list whom I have a hard time thinking of as young. I know they are young in spirit, but beyond that one has a hard time thinking of them as young. I know that the legislation will not likely set an age ceiling, but that is one of the factors that have to be considered. In my short list of suggestions, I have tended to concentrate on what I call young people.

One of the other factors, of course, that has not been mentioned at all in the selection of parliamentary secretaries, is that of introducing a woman into these points. Again, the Prime Minister has a very limited choice. He has taken the first step by introducing the first lady into the cabinet, and now he has an opportunity of establishing another first for his government by introducing the first lady parliamentary secretary. Of course, as I said, his choice is limited because there are only two. I would that he had more, but this is a factor that has to be considered.

The hon. member for Kootenay West mentioned another factor and that is parliamentary secretaries for the Senate, that is making some hon. member of that house a parliamentary secretary. I was interested in finding that this topic has already been up for discussion in the other place this session. It was introduced by a member of the opposition and the thought there should be several parliamentary secretaries in that place. However, that is something else.

[Mr. Fisher.]

There is another definite problem in connection with parliamentary secretaries. Last year I was rather shocked when the Prime Minister said he hoped the day would never come when being a member of parliament was a full-time job. A lot of us took that to mean that if we are finding being a member of parliament a full-time job, then there is something wrong with us. I would introduce the question, are these parliamentary secretaries to be full-time jobs or are they just to be sessional? Then, there is the point raised by the Hon. George Drew when he was leader of the opposition, and this is something about which we need information. He raised the point in connection with the rules of the house whether parliamentary assistants have the right to close debates on bills or whether they have the authority to speak for the minister on estimates. This is a point that should be settled.

One of the other aspects of this matter in which we are interested is the number of parliamentary secretaries to be appointed. I have heard a figure of 20 mentioned. If we get the figure up as high as 20, and add to that the number we now have in the cabinet, then you have a type of patronage in the hands of the Prime Minister which could be very powerful. I wonder whether or not that many parliamentary secretaries are necessary? There is a little book written by an independent member of parliament in Great Britain, W. J. Brown, entitled "Guide to Parliament". He said:

> In the second place, the scope of government patronage has widely increased of recent years. We have now to deal not only with the eighty paid posts of a ministerial kind, but a large additional number of governmental or quasi-governmental posts which are within the gift of government, which, in filling them, acts largely on the advice of the whips.

He goes on to say that this whole tendency of the ministry, and what attaches to it, is growing and is very dangerous to the point of view of the freedom of the individual member voting as he pleases in certain cases. We are very much aware of the fact that in this particular house very few of us always vote according to our whims, but we tend to follow the party line. There are considerations. For example, the hon. member for York-Scarborough has a bill coming up upon which I hope we will have a free vote, and that is the bill in connection with capital and corporal punishment. Are parliamentary assistants going to be tied to whatever happens to be the view of their minister or the view of the government? I would suggest that this might be one reason for keeping these appointments to a minimum.

One of the great arguments that Dawson makes in connection with parliamentary assistants is that they will be of assistance to some cabinet ministers. I do not think the Prime Minister touched on this. I quote:

> The greater use of members of the house as parliamentary assistants to certain ministers would do much to relieve the work of their seniors, and it would incidentally also make it easier to reduce the number of those in the cabinet proper.

Dawson goes on to make the point that really fisheries does not merit a ministry. I stand corrected, he does not say that fisheries does not merit a ministry but he says fisheries does not merit a post in the cabinet. He says the same thing of the Department of National Revenue and the Post Office Department. We do not know whether or not this is a part of the plan of the Prime Minister in introducing parliamentary secretaries, that is to reduce the size of the cabinet. However, we may suggest that is always an ideal, if it is possible, to keep the executive as small and tightly knit as possible. If this could be done through the introduction of more parliamentary assistants, that would be all to the good.

In the past, in so far as the ministry of fisheries has been concerned, if the minister came from the east coast then the parliamentary assistant came from the west coast. Personally, I wonder whether, with a department of that scope and size, it is necessary to have a parliamentary assistant. On the other hand, when I look at the ministry of transport, which has grown so large and has spread over so many fields, and is going to continue to grow, I wonder whether it would not be possible to have two or three parliamentary assistants for that department, one for air, one for sea and one for land communications. There are a number of departments which, I feel, fall into that category. For example, the Minister of Finance, according to one of the members of the press gallery, hired a young man at $10,000 a year in order to humanize the face the Minister of Finance presents to the public. We would suggest more parliamentary assistants—and again they will be on my short list here—could do a great deal to take some of the pressure off the Minister of Finance in this particular regard.

There is one other point we need to mention in connection with parliamentary assistants, especially when I look at some of them sitting over there, and that is that it is not always certain that you go on from parliamentary assistant to bigger things. We have one gentleman sitting in the house now, the hon. member for Ottawa West, who gave many years of service as a parliamentary assistant and who never achieved any higher post. I know the hon. member for Kenora-Rainy River was looked upon, when he became a parliamentary assistant, as a young man in a hurry. Unfortunately, the year 1957 came along and he had nowhere to go.

One of the great things that I envisage may come out of the appointment of these parliamentary secretaries is something that may be more clearly understood if I were to read some remarks by the Right Hon. Winston Churchill. This is what Mr. Churchill said in 1939:

> What is the use of sending members to the House of Commons who say just the popular thing of the moment and merely endeavour to give satisfaction to the government whips by cheering loudly every ministerial platitude, and by walking through the lobbies oblivious of the criticisms they hear. People talk about our parliamentary institutions and parliamentary democracy, but if these are to survive it will not be because the constituencies return tame, docile, subservient members, and try to stamp out every form of independent judgment.

The relevance of this particular extract to my remarks is this. I feel that any time you get 208 members together, even though they shelter under the banner of a leader that they revere and under a party of the same name, there is bound to be a breaking out of what one might call rump groups. I think we have looked forward to that in this particular house, the development of a rump group or a ginger group but we have not seen much ginger this session. The point I want to make at this particular time is this. Once these parliamentary secretaries are appointed, I think there will be the development of such a ginger group; that is one of the reasons why we should like to see this legislation pushed through immediately so that out of the bitter need for recognition, some of the disillusioned and disappointed and heartbroken will move to be that rump.

An hon. Member: Dreamer.

Mr. Fisher: One hon. member says "dreamer". I do not believe that for a minute. I know that in caucus these members speak out. I always remember one of my encounters as a listener in previous election campaigns with the Prime Minister who was in opposition at that time. He gave a magnificent performance on the trained seals that flipped on the Liberal backbenches. He said, "They tell us they speak in caucus, but we speak in the House of Commons of Canada where the people of Canada can hear us." I just want to go on from there to one of my members on the short list. I refer to the hon. member for Winnipeg South. During the last campaign in Springfield he was quoted in the Winnipeg *Free Press* as saying that the Liberals and the C.C.F.'s talk too much in the House of Commons, especially the C.C.F.'s,

and that the Conservative members did their talking in caucus. This raises in my mind a picture of the Wednesday morning caucus being always open to the hon. member for Winnipeg South. I suggest that one of the consequences of appointing him a parliamentary secretary would be that he would be much diminished in the caucus so that there would be opportunities for some of the other hon. members to state their case at that particular time.

One of the parliamentary committees in England a number of years ago looked into this question of parliamentary secretaries and parliamentary private secretaries. I quote from the Journal of the Society of Clerks-at-the-Table in Empire Parliaments:

> The parliamentary private secretary has no recognized official position: he acts as the confidential friend and assistant of his minister and necessarily enjoys in very large measure the confidence not only of the minister personally, but of the minister's department and the officials in it. Thus he must necessarily be to some extent imbued with the "team spirit" which is part of the life blood of the ministry; thus, too, his independence as a member of the house must be liable to be impaired to a somewhat greater degree than that of an ordinary member of the party supporting the government in office for the time being, although it would be a great mistake to regard his relations with the government as being as close or intimate as in the case of even the least important under-secretary in the government.

In Great Britain these hybrid personal secretaries are different from the kind contemplated by the legislation the Prime Minister has brought in today. But the comparison that it brings up at the end indicates that the under-secretary, which is the British comparison, has an important position and is definitely related to the ministry. We have no indication of that matter in this particular legislation.

One of the things that Dawson comments on, relating to the former prime minister, Mackenzie King, is this and at page 268 he says:

> Yet in the same debate he made the astounding statement that an assistant would have to be persona grata not only to the minister (who is responsible for his actions) but also to the deputy minister (a civil servant), a pronouncement which seemed to justify the unflattering description by one member of the house that the assistants would be nothing more than "official coat-tail bearers" for the ministers.

That brings up the question of whether these parliamentary secretaries are going to have to be persona grata with the deputy ministers according to Mr. King's interpretation. From the minister's remarks I did not catch that he touched on that matter at all. I personally would suggest—and I am sure every other member of the house would go along with me in this regard—that he must be persona grata with the deputy ministers. The deputy minister has no choice in the matter. However, that is just a question.

If we look at this list of parliamentary assistants for two sessions ago we find that one of the names can be struck out unfortunately because of ill health. I refer to Mr. Angus R. MacDonald. The bearer of one of the positions has gone forward to become Minister of Defence Production, indicating that this is a worth-while channel after all, despite my previous strictures. We are left with these other names, as I said in my interpretation with the exception of two, of young, thrusting, ambitious fellows and, I would think, from looking at the names, men of real ability. What is going to happen to them if they are not appointed parliamentary secretaries this session? I think the inference throughout the whole country will be that they have failed.

Unfortunately we do not know whether or not they have failed. Perhaps it was not their failure at all but rather the minister's failure. I would therefore make a strong plea here to the Prime Minister that he consider on his short list the former parliamentary assistants. I should like to mention especially the hon. member for Saint John-Albert and the hon. member for Carleton. I have had it said to me dozens of times by Conservative members in this house that the hon. member for Carleton deserves to be a cabinet minister. We know that he is kept extremely busy at the present time on the Ottawa scene in his relationship with the government. Perhaps a parliamentary secretaryship would be all that he could handle in lieu of those responsibilities. Perhaps that was the reason that the former parliamentary assistants—

The Chairman: Order. It being five o'clock it is my duty, pursuant to section 3 of standing order 15, to leave the chair in order to permit the house to consider private and public bills.

Progress reported.

PRIVATE BILLS

PARAMOUNT LIFE INSURANCE COMPANY

Mr. J. R. Taylor (Vancouver-Burrard) moved the second reading of Bill S-12 to incorporate Paramount Life Insurance Company.

He said: As indicated, this is an act to incorporate Paramount Life Insurance Company. I hope that at this stage, Mr. Speaker, it will not be necessary to deal with the bill clause by clause. If the matter can be referred to a committee I can assure hon. members that I will have someone from Vancouver attend—one of the officers or officials of the company—in order to give

detailed information about this bill. May I add that since the provinces of Alberta and Manitoba prohibit a life insurance company from doing business unless it holds a dominion licence, it therefore became essential that British Pacific Insurance Company, the provincial company, make application for dominion registration and dominion licence. This procedure entails the formation of a new company.

May I also add that the board of directors of the proposed company will include Mr. Harry J. Seed, Mr. J. M. Burnett, Mr. C. T. Ruddell and Mr. Esmond Lando, all Canadians and all of Vancouver. The new company's home office will be in Vancouver, and this is the first time that the home office of a dominion chartered and licensed life insurance company will be located in British Columbia. The owners have indicated their intention of maintaining a substantial investment in the province. Several hundred British Columbia people will find employment with the company as agents and office workers. This is, of course, in line with the present trend of business and gives heart to the statement: "Go West, young man, go west". With a head office in Vancouver, better service can be given to policy holders from that area and it is hoped that other life insurance companies will also construct buildings in the west in order to give similar service.

As I have indicated, if the matter can be referred to a committee for further consideration, I can assure all hon. members that an officer of the company will be present in Ottawa to give any further information required.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

SECOND READINGS—SENATE BILLS

Mr. Speaker: As there are a number of divorce bills down for second reading, is it the pleasure of the house to take them in one motion?

Some hon. Members: Agreed.

Bill SD-135, for the relief of Jan Roberti.—Mr. McCleave.

Bill SD-136, for the relief of Mary Athanas Copis.—Mr. McCleave.

Bill SD-137, for the relief of Marie Marguerite Louise Leclerc Andrews.—Mr. McCleave.

Bill SD-138, for the relief of Lorlotte Juliane Selma Wilhelmine Gude Hirtreiter.—Mr. McCleave.

Private Bills

Bill SD-139, for the relief of Mary Alice Hadley Hutchison.—Mr. McCleave.

Bill SD-140, for the relief of Flore Crevier Plamondon.—Mr. McCleave.

Bill SD-141, for the relief of Karl Efraim Hill.—Mr. McCleave.

Bill SD-142, for the relief of Ina Charlotte Charleson Hyde.—Mr. McCleave.

Bill SD-143, for the relief of Gisela Antonie Anita Popp Sainitzer.—Mr. McCleave.

Bill SD-144, for the relief of Alfred Laliberte.—Mr. McCleave.

Bill SD-145, for the relief of Lawrence Crites.—Mr. McCleave.

Bill SD-146, for the relief of Marie Jeanne Madeleine Saint-Pierre Pare.—Mr. McCleave.

Bill SD-147, for the relief of Marie Louise Marguerite Therese Bernaquez Aubin.—Mr. McCleave.

Bill SD-148, for the relief of Jean Scott Bain Kunst.—Mr. McCleave.

Bill SD-149, for the relief of Josef Libich.—Mr. McCleave.

Bill SD-150, for the relief of Roger Desjardins.—Mr. McCleave.

Bill SD-151, for the relief of James Alfred Keelty.—Mr. McCleave.

Bill SD-152, for the relief of Agnes Forget Haymond.—Mr. McCleave.

Bill SD-153, for the relief of Maurice William Bell.—Mr. McCleave.

Bill SD-154, for the relief of Robert William Stamp.—Mr. McCleave.

Bill SD-155, for the relief of Tanya Burstein Yerzy.—Mr. McCleave.

Bill SD-156, for the relief of Yvonne Catherine Marie Vrancken Bruggemans.—Mr. McCleave.

Bill SD-157, for the relief of Mary Friedman Nussenbaum.—Mr. McCleave.

Bill SD-158, for the relief of Paul Rewoski.—Mr. McCleave.

Bill SD-159, for the relief of Tibor Kadar.—Mr. McCleave.

Bill SD-160, for the relief of Daniel Myer Glovinsky.—Mr. McCleave.

Motion agreed to on division, bills read the second time and referred to the standing committee on miscellaneous private bills.

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO PROVIDE FOR PRINTING OF NEGOTIABLE INSTRUMENTS IN BOTH ENGLISH AND FRENCH

On the order:

Second reading of Bill C-9, respecting the printing of negotiable instruments in the English and the French languages.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like, if possible, to deal with this bill.

(Text):

Mr. Speaker: The hon. member is under the same disability as he was under last week or, at least, the last time this order was called, namely that the bill which he wishes to move is identical in purpose with another bill now standing on the order paper for resumed debate, and therefore I am not able to allow the hon. member to proceed with his motion.

CRIMINAL CODE

AMENDMENT RESTRICTING CAPITAL PUNISHMENT TO CERTAIN OFFENCES

Mr. Frank McGee (York-Scarborough) moved the second reading of Bill No. C-18 to amend the Criminal Code (Capital punishment).

He said: Mr. Speaker, as I was saying last August when I was interrupted by six o'clock, I am sponsoring this bill this session. I must say a word about the activities of other hon. members in this party and in other parties who have spoken in support of this or of a similar bill in the past. I should like to commend them for fighting the good fight over the years on behalf of this proposition. I should like further to make some reference to the many individual citizens groups, civic councils, church and other organizations who have sponsored resolutions and made representations to me and to other members of this and former parliaments on the subject.

Last year in the course of my remarks on this bill I was dealing with the legal system as it exists today and the possibility of tendencies within that system which might prejudice the accused. I dealt with tendencies which might exist in the minds of judges and, at some length, with the tendencies which I knew by personal experience to exist in the minds of certain jurors. I dealt also at that time with the relative abilities of the crown prosecutor versus those of the defence counsel, pointing out that in many cases and, indeed in most cases, the crown prosecutor was a man far more experienced and able in his task than his counterpart engaged in the defence; also that first rate experienced murder defence lawyers did not normally, in spite of the very worthy activities of the legal aid societies, defend most of the murder cases before the courts of this country.

I dealt, further, with the facilities available to the crown and to the crown prosecutor to gather, assemble and document evidence against the accused with virtually unlimited funds and personnel at their disposal, and compared with this the dilemma of the defence lawyer, particularly when a poor man or a man of modest or no means was accused. How much can a defence lawyer afford to spend out of his own money in these circumstances, with a most unlikely prospect of a fee, if there is to be any at all.

I had meant to refer to some aspects of the present system, particularly with regard to the legal defence of insanity—a defence based on the M'Naghten rule, a precedent for determining insanity in law which has its origin in the year 1843. Several things may be said about this.

The first is that it seems to me that since 1843 few branches of medical science have made such progress as that of psychiatry. When we are dealing with the mind and diseases of the mind surely we must recognize that giant strides have been made since that time although unfortunately these strides are not reflected in the courts and their benefits are not available to juries.

The second difficulty with the law concerning insanity is the position that twelve good men find themselves in when dealing with medical evidence of a psychiatric nature. I wish to quote a statement from a review of a book entitled, "Star Wormwood", by Judge Curtis Bok, of the United States, in which he dealt at some length with this subject. The review states:

> Juries should not be required or expected to choose between contesting alienists attempting to apply the prevailing artificial and archaic legal test of insanity. The function of a trial is to find facts, or as Judge Bok puts it, "deeds", or what happened.

I was a member of two juries in which we were concerned with the M'Naghten rule, in both cases hearing eminent psychiatrists supporting different contentions. I confess that all of us were hard put to follow the thread of their arguments and the meanings of the continually changing terms which they applied to support their arguments. These are some of the things that make one wonder if our present processes of law can come to a sufficiently certain conclusion to justify the taking of a man's life.

I should like to quote another reason dealt with in the *Canadian Bar Review* of May, 1954, in which is contained the record of a symposium dealing with a motion concerning the abolition of capital punishment moved at that time in the name of the hon. member for Parkdale. This reference is from the remarks of one of the participants, Reverend John Kelly, then professor of philosophy at St. Michael's college, University of Toronto.

Concerning one of the aspects of the question I mentioned earlier this afternoon, he had this to say:

> The common good also demands that there should be no discrimination against one section of the population. Yet, if the former warden of Sing Sing, Lewis E. Lawes, is to be believed—and I see no reason to doubt his credibility—and if the condition he describes is general—and so far as I can discover there is no reason to suppose that it is not—the death penalty is predominantly and disproportionately imposed upon the poor and upon males. He escorted 150 people to their deaths—149 were men; 150 were poor. Since the enforcement of the death penalty seems incorrigibly selective, it seems to me that it is working against the common good.

I should like to make reference to the report of the joint committee of the House of Commons and the other place which dealt with capital punishment and reported in 1956 before I proceed to discuss the specific reasons why I am moving this bill. One of the recommendations of that joint committee was as follows:

> While the committee considered that capital punishment should be subjected to periodic review by parliament, it recommends that the death penalty should be retained as the mandatory punishment for the crime of murder.

It is in the spirit of that recommendation that I hope we will have a full and comprehensive discussion on this subject at this time representing, if possible, the feelings of all political parties here represented.

The basic arguments for the abolition of capital punishment are several in number and I should like to deal with them in turn, treating some of them rather more extensively than others.

The first suggestion is that it is not actually an effective deterrent. As I mentioned last year there are statistics that can be cited in support of both sides of this question. In the symposium statistics were referred to by Mr. G. Arthur Martin, Q.C., well-known defence counsel of the city of Toronto. With respect to the subject of the death penalty as a deterrent he had this to say:

> The state of Michigan, which abolished the death penalty about a hundred years ago, consistently has had a smaller number of murders for each hundred thousand population than its neighbouring states of Ohio, Indiana and Illinois, where it might safely be assumed that conditions of life were comparable. Michigan, however, has a slightly higher incidence of murder than, for instance, Massachusetts or Connecticut, which have retained the death penalty; perhaps the difference is due to cultural conditions, the nature of the population, and so on. On the other hand, Rhode Island, which has abolished the death penalty, has a lower incidence of murder than either of its neighbours, Connecticut or Massachusetts, where capital punishment is retained.

When one examines reports, recommendations and discussions on this question over the years one must come to the conclusion that a case has not been made that the death penalty is in fact a deterrent to murder.

The second major reason advanced for the abolition of capital punishment is that it is morally wrong. I should like to quote briefly from the report of the joint committee in this regard and leave it at that. At page 12 of the report we find the following:

> It was contended that it is morally wrong for the state, as well as an individual, to take human life. The punishment was said to be at variance not only with the principles of Christianity but also with the humanitarian and social developments which characterize the modern world. It was alleged to be an obsolete, barbarous punishment which has been successfully dispensed with in most civilized countries and that it is out of step with modern morality and thought. It was also claimed that the public is revolted by the barbarous nature of the punishment.

I now move on to what has always to my mind seemed the key aspect in the great debate that has ranged on the subject over the years. It is that capital punishment is essentially based on the motive and feeling of revenge. One of the most powerful and compelling statements on this subject appeared in the symposium to which I have made reference. The statement was made by Rabbi Fineberg of the city of Toronto who with respect to his reaction had this to say:

> Is any human being exempt from the desire to be appeased by a criminal's contorted agony? I remember the gratification I derived from the hanging of the Nazi war criminals. They had steeped their hands in the blood of six million Jews, the evil they visited on mankind was beyond reckoning—yet I recall my feelings with shame, as unworthy, and as more excusable only in degree than the cries of the mob milling about the gallows at Cornwall prison recently.

My submission is that the motive of revenge is reflected in the fact that capital punishment is not something of which we as Canadians can be very proud. Surely, if motivations for laws exist, in this instance we should be motivated by a desire to protect the public in the determination of our penalties rather than the indulgence of revenge.

On this point, Mr. Speaker, whenever the subject is raised in almost any group, ultimately those who are opposed to the abolition of capital punishment say, "Yes, but what do you mean? What would you do if you caught a man murdering your wife or raping and murdering your child?" My reply to this question, has been as honest as I could make it. It has been that I do not think I or any other man would be held responsible for what he might do when faced with that situation. It is interesting to note that if a man comes across somebody murdering his wife and takes action to prevent that person from murdering his wife I doubt whether the records of the trials in this country or in any

other country will show many if any convictions under such a set of circumstances. This kind of question, Mr. Speaker, I submit proves the point. I concede freely that I am in no condition to govern my actions, emotionally or in any other way, in such a position and yet those same people want to reflect my feelings at that time in the laws of our land concerning capital punishment.

I recall a conversation which is pretty typical of most people's thinking on this matter, a conversation in which we discussed the academic aspects of the arguments pro and con concerning capital punishment. My friend was in large measure in agreement with me. It happened that on that particular day and at a particular point during our conversation we turned on the news. The shocking news of the rape and murder of a small child was given on the television screen. It was one of those coincidences that seemed to bring into focus our argument. At that time the young daughter of this friend of mine, about the same age as the child who had been murdered, came into the room and my friend who moments before had conceded, on the basis of the rational and calm appraisal of the situation, my argument, changed his mind completely on the basis of association of ideas, I suggest. I have not discussed the matter with him since. I hope he is allowing his calm and serene judgment to govern in this matter, as I think we should with respect to all our laws and certainly with one as important as this.

There is another argument advanced with respect to the abolition of capital punishment and it has to do with the question of morbidity, if there is such a word; that capital punishment has its morbid aspects. I quote from the report in this regard:

> It was contended that capital punishment is not only unjust to the murderer and ineffective as a deterrent, but is brutalizing in that it has a bad effect, not only upon prisoners and staff of the institutions where it takes place, but on society at large. It was said that the disproportionate publicity which surrounds a murder trial and an execution reflects the morbid instincts aroused by the death penalty. The shocking scenes which have accompanied some executions were cited in proof of these assertions as to the degenerative influence of capital punishment.

There is a reference in the symposium on this very point, in this connection again by Mr. G. Arthur Martin, Q.C. He had this to say:

> I suggest to you, if we are honest with ourselves, that we, as individuals, are in fact ashamed of the retention of capital punishment as part of our penal system. If this is not so, why is the identity of the executioner concealed? Why should his name have to be kept secret so that he will not be shunned by his neighbours? Why is the execution of the death penalty shrouded in secrecy, if it is a deterrent even when secretly carried out?

[Mr. McGee.]

> Actually, if it is such an effective deterrent as its proponents would have us believe, everybody should be encouraged to witness executions—perhaps they should be compelled to witness them—so that they will see to what ends their crimes will lead them if they do not restrain their impulses.

Let me move on to the next and perhaps the most obvious factor in this whole argument, namely the risk of error. The risk of error I submit on the basis of what I have said earlier in this discussion can create the doubts on those lines raised in the public mind by the recent revelations, later denied, in connection with the Coffin case. It is interesting to note, Mr. Speaker, that two members of the Conservative party in this house were on opposite sides of the legal battle which took place in the Coffin case. Something that has always disturbed me about the Coffin case is the fact that at one point the accused had escaped. He was as free a man as one can be when one is a fugitive from justice; but at least he was not in jail. The submission of the defence in that trial, if I recall it correctly, was that when he was approached and found in fact by the lawyer he, in the process of being convinced to return to trial was influenced, I am sure, by the fact that if he was innocent, as he knew in his heart he was, under our system of justice he simply would not be found guilty. I do not know what force in law and in the courts this argument might have; obviously, it was not too powerful an argument.

That left very serious doubts in my mind and in the minds of many of my fellow Canadians. There are other examples. One sent to me by one of the many people who wrote to me following the introduction of this bill earlier this year concerned a prisoner in the United States named James Foster who was under sentence of death for murder. His execution was stayed twice and then convict Charles Rothschild confessed to the killing. I have found myself wondering over the years how many James Fosters in Canada, the United States and other countries have had their time run out on them and how many Charles Rothschilds did not come forward.

I submit that we should remove every possible doubt of the consequences of an error in the trial, that we owe it to society to replace the death penalty with life imprisonment that really means life imprisonment so that in the case of new facts coming to light after the trial has taken place the convicted individual will still be around to be reprieved. I submit that the substitution of life imprisonment that really means life imprisonment for the mandatory sentence of hanging would accomplish the protection of society, as mentioned earlier, and also the protection of the accused.

To continue with the committee report, there is the question of the adverse effect upon the administration of justice, but in this regard there is a reverse effect in the sense that many jurors who have difficulty in coming to grips with the facts in the case and with a quite natural repugnance to being a party to a hanging will reduce a charge of murder to manslaughter. I think any fair person examining the trial records in this country will agree that there have been such cases. As I have submitted, we should be concerned with the protection of society but certainly in this case the result is the reverse in that the charge is reduced in the case of murderers who should be put away for the protection of society and to prevent any future recurrence because of the qualms or squeamishness of jurors, and the sentences of these people are also reduced when they are convicted of manslaughter.

Another reason advanced by the committee has to do with prison administration, and in this regard I should like to quote the report. At page 12 there is the following:

> Opponents of the death penalty alleged that the incarceration of all convicted murderers will pose no special problems for prison administration and argued that, as a class, murderers have a superior record to other types of prisoners. Some also urged that, even if the housing of all convicted murderers presented difficulties, it would be improper to permit mere administrative considerations to stand in the way of abolition which was justified on broad grounds of public policy.

These are the conventional reasons advanced on which I and a growing number of Canadians who favour the abolition of the death penalty base our case. My specific purpose in introducing this bill is to change the Criminal Code in such a way that both the protection of society and protection of the accused are preserved.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I know that one should not direct a question to the Speaker but, sir, have you ever seen a man hanged? I have. I saw a young man hanged about 20 years ago because the attorney general of British Columbia told me I did not know anything about abolition or non-abolition of capital punishment unless I had seen a man put to death. It is because of that experience that I say that anyone who has seen the state put a person to death could not help but make a full and comprehensive study of all matters pertaining to the retention or abolition of the death sentence. I have tried to do that over the years, and as a member of the joint committee of the senate and House of Commons on capital and corporal punishment I obtained a great deal of information.

I fully realize that the report of the joint committee contained a recommendation that capital punishment be retained but I would draw to the attention of members of the house the fact that so far as the decision of the committee was concerned there was only a difference of three in the vote for retention or abolition, that it was the almost unanimous view of the committee that eventually the death penalty would be abolished and for that reason the committee recommended a review every few years by the house or a committee. It was generally agreed that the only reason why some voted for retention was that they did not think the people of the country were ready yet for abolition.

The evidence is clear, Mr. Speaker. I say it is clear not only from other sources but from the two million words of evidence submitted to the joint committee over a period of three years. You can examine the records of all the countries of the world and the states of the United States and you will find that there is no broad or general differentiation in the rate of homicide between abolitionist or non-abolitionist states or countries.

To those who say that there is protection for police forces in having capital punishment I would point out that prior to 1954 no study had been made of that question whatsoever. The first study ever undertaken in the world so far as we know was undertaken in 1954 by Professor Sellin, one of the world's outstanding penologists. In that year letters were sent to the chiefs of police in all cities of the United States with a population of more than 10,000 asking for information with regard to murders of policemen since the year 1919. When the reports were received they were analysed very carefully and Professor Sellin advised the committee by letter that an analysis of all replies showed there was no justification for the statement that capital punishment was a deterrent to the murder of law enforcement officers.

So, both from the angle of a deterrent and protection, I say that from all the studies of the question I have made there can be no basis for the retention of capital punishment, unless it is admitted that it is retained strictly on the basis of retribution or revenge.

I know that because my name is closely linked with the stand I take in connection with the abolition of capital punishment. Every time there is a vicious, brutal murder, especially a sex murder, anywhere in Canada, I receive some letters. Sometimes I get quite a few. Almost every one of them says exactly what was pointed out by the mover of this bill, suppose it had been your wife or your mother or your daughter? The point is that the very position these people take is conclusive evidence of the failure of their own argument because the murder took place. We

have capital punishment, and we have always had capital punishment in Canada.

The records are clear that in most instances when a person kills he does so from an emotion, from a fear, from an attempt to escape from passions; that is something that having capital punishment on the books is not going to deter. I am going to conclude my remarks because my views on this subject are very well known. I did want to say these few words and to add my hope that the endeavours that have been made in the past, together with this new endeavour by the mover of this bill, will have some effect and we will get what start we can upon this modern approach to this very important phase of penology. I hope the day is not too far away when this country will join the majority of other countries in the western world in which this ancient system of revenge has been abolished and where society is protected through the medium of a prison and not through the exercise by the state of a right which the state says is illegal and immoral if followed by the individual.

Mr. J. C. Van Horne (Restigouche-Madawaska): It is indeed a pleasure to speak in support of the position taken by the two hon. members who have preceded me in connection with the deterrent value of capital punishment. A little over a hundred years ago capital punishment was the penalty for some 280 offences in England. When it was sought to abolish this penalty there was great agitation amongst the people who feared that might lead to an increase in crime and petty thievery because, at that time, hanging was the punishment for stealing even a sheep. Since that time England has taken the lead and capital punishment has been completely abolished there. I feel it is high time we followed that example.

There is one other point I should like to mention this afternoon. Having had the experience of defending people accused of murder, as I know many hon. members have had the same experience, I can truthfully say that I believe too much depends upon the ability of the lawyer as to whether or not the man is going to be hanged. The life of a man is placed on too precarious a pedestal because so much depends on the feelings of the jury. I feel it is high time that this government took the initiative by following the course advocated in this bill. I am sure that the abolition of capital punishment has the approval of every hon. member in this house.

Certainly the points brought out by both hon. members concerning the immorality of capital punishment should give each and every one of us food for thought. I am often reminded, Mr. Speaker, of the words of Marshall Hall who made it very clear that, according to the principles of British justice, it is better for a thousand guilty men to go free than for one innocent man to be hanged. How often have we had occasion to think about the Coffin case to which reference was made this afternoon? How often do we think that at times there must be mistakes? It is impossible for lawyers and juries to go on in an infallible manner. I can recall sitting in this house in the opposition on the night that Coffin was to hang. I wanted to rise and ask the cabinet of that day to reconsider the matter because they only had about three hours in which to do so. However, the rules of the house prevented that.

I can recall the feelings I had at that time, and thinking that here was an example of a man who was probably going to the gallows for a crime he did not commit. I can recall thinking that the only means of removing this fear from the minds of Canadians was to abolish capital punishment, once and for all. I think it has been clearly demonstrated here his afternoon that as a deterrent to crime capital punishment does not serve a useful purpose. Recent judicial decisions in the United States are bringing out very clearly the mental aspects that surround these crimes of homicide. The old rule in the M'Naghten case no longer applies in the courts in some states of the United States. They are taking into account the various aspects of mental illness, aspects which have only become known in recent years.

There is one more reason why capital punishment should be abolished, and I feel I would be very grateful indeed if this government were to take the initiative by introducing the necessary measure into this house to abolish capital punishment.

Miss Margaret Aitken (York-Humber): Mr. Speaker, mention has been made in this debate of the joint committee which was formed in 1953 to study the whole problem of capital punishment. I was a member of that committee for a short time toward the end of the sittings. The committee sat for almost three years and they heard witnesses from all spheres of life, lawyers, doctors, psychiatrists, police officers and prison officials. All the arguments were put forward. I think, within my experience, it was one of the most soul-searching committees I have ever seen functioning. Everybody was so anxious to form an honest opinion on the subject.

There were some hon. members on the committee who argued that the retention of capital punishment was a deterrent and that it was a just punishment for murder; that it indicated society's revulsion to the greatest

of all crimes, the taking of life. There was also a basic belief that public opinion was substantially in favour of capital punishment. I think, to a certain extent, that was true. Actually, public opinion is changing a great deal and perhaps the committee had something to do with that change. Gallup polls have been taken on this subject since 1943. In 1943, 73 per cent of the people polled believed that capital punishment should be retained; in 1953 that figure had only dropped to 71 per cent. Seventy-one per cent said it should be retained and 22 per cent said it should be abolished and seven per cent were undecided. But by 1958 there had been a change in public opinion. Fifty-two per cent were for the retention of capital punishment; 33 per cent were for its abolition; and 15 per cent were undecided. As a member of that committee, I think the one factor that influenced my thinking was the claim made by responsible and authoritative people that it was a deterrent to murder. In the final report brought out by the committee on the retention or abolition of capital punishment this statement was made:

> The committee was impressed by the virtually unanimous support of the death penalty by provincial attorneys and other provincial law officers and provincial police officers who had responsibility for and firsthand experience in law enforcement in Canadian provinces. These officials without exception testified that capital punishment was an effective deterrent to murder. They considered that it was particularly effective in deterring the professional criminals from carrying weapons and committing crimes of violence. They contended in addition that abolition of capital punishment would endanger police because a criminal seeking to avoid arrest would have much less fear of the consequences of the use of firearms or violence if capital punishment were abolished.

On the basis of this summary and after much soul searching on my part, I was one of those on the committee who voted for the retention of capital punishment. But my soul searching did not stop there. Since 1956 I have done a great deal of studying on the subject. I have read the opinions of people who are far more qualified than am I to form opinions and I have interviewed many experts including judges, lawyers, prison authorities, social and welfare workers and police reporters, and I must confess that I have changed my mind with regard to capital punishment. Although I still believe that it is a deterrent, I no longer feel that that fact overrides more important factors against capital punishment. In listing some of these factors, may I mention the following.

First there is the fact that a considerable portion of murders are undoubtedly committed in sudden and uncontrollable passions and I do not believe that the thought of death in any way would stop those murders. I believe the most effective deterrent would be, as the hon. member for York-Scarborough (Mr. McGee) said, life-long imprisonment, really life imprisonment; and even more important, the sure knowledge that they will be detected and apprehended and that they face life imprisonment which to me seems to be a much more severe punishment than the painless form of death.

There is no doubt about the fact that many murderers must be mentally ill and emotionally irresponsible. I do not believe that any normal, sane, law-abiding people should be obliged to assume the responsibility of meting out death to such people. I have had many judges tell me that murder juries are hesitating to acknowledge that the crime is murder and the result is that although the evidence is patently against the accused, juries with the slightest shadow of doubt will bend over backwards and in many cases guilty persons go absolutely free. I think this is another argument against capital punishment.

The one strongest argument undoubtedly is that it is morally wrong for a man to take the life of another man, or for the state to take the life of a man. Like most hon. members in this house I am sure that I have received hundreds of briefs and representations from all kinds of organizations—including church organizations and welfare organizations—and individuals pointing out that capital punishment is not only an obsolete and barbarous punishment but that it is un-Christian and out of step with modern morality. One brief from the Quakers asserted that the wide publicity given to murders tends to make the thought of murder familiar and, to morbid minds, even attractive.

Mr. Speaker, these are just a few of the basic facts which have influenced my thinking with regard to capital punishment. The strongest argument for its retention is that it may be a deterrent to further murders. But I believe the arguments for its abolition are even stronger; and the strongest of all, to my mind, is that undoubtedly it is morally wrong to take a life that God has created.

Mr. R. J. McCleave (Halifax): Mr. Speaker, perhaps on this occasion I can complete a ten-second speech before Your Honour looks at the clock and finds that is now six o'clock. Like the hon. member for Vancouver East (Mr. Winch), I had occasion to see a hanging carried out in a Canadian penitentiary a good many years ago. Despite the grisly solemnity of that ceremony—for it is difficult to take human life under any circumstances in anything that can be called a proper setting—it still does not change my opinion that capital

punishment is a necessary ingredient in our make-up of law and order.

May I call it six o'clock, Mr. Speaker?

Mr. Speaker: It being six o'clock, the house will revert to the business which was interrupted at five o'clock.

THE MINISTRY

PROVISION FOR APPOINTMENT OF PARLIAMENTARY SECRETARIES

The house resumed consideration in committee of the following resolution—Mr. Diefenbaker—Mr. Rea in the chair.

That it is expedient to introduce a measure to provide for the appointment of parliamentary secretaries to ministers, to provide for the payment of salaries to them at the rate of $4,000 per annum out of the Consolidated Revenue Fund and to authorize the re-imbursement to them of reasonable expenses incurred by them in the discharge of their duties.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Fisher: Mr. Chairman, I have only a few minutes left, and one of the points I wanted to make in connection with this subject is occasioned by the fact that the Prime Minister has made remarks in this house to the effect that he does not care for lobbies, and I would ask him to ignore the lobby in the form of the telegram he received on the night of the last election from a certain member who was a parliamentary assistant, some of whose followers I understand comported a lobby in the form of a telegram to the Prime Minister. I hope he will ignore their indiscretion.

I must apologize for failing to mention accurately the former parliamentary assistant, the hon. member for Victoria. We would hesitate to make any short list in connection with anyone in the province of Quebec, but I do feel that the hon. member for St. Lawrence-St. George, who played such a powerful role in the settlement of the C.B.C. dispute, must certainly be considered and, from the great respect which Liberal members of this house seem to have for the hon. member for Bellechasse, I imagine that he, too, would be worth considering.

One of the points one finds so intriguing is in connection with Prince Edward Island. I, as a teacher, would like to see a fellow teacher, the hon. member from Queens given an opportunity, but we are up against the fact that this is a small province. In so far as the province of Ontario is concerned, the Prime Minister has two former provincial cabinet ministers available for selection. They foresook the provincial field for higher things in order to support the party, and one would imagine that they will receive serious consideration.

As one moves west, one encounters the hon. member for Athabasca who, as a former police officer, would make a real contribution as parliamentary secretary to the Minister of Justice. The former member of the Royal Canadian Mounted Police was retired from the R.C.M.P. under treasury board minute 527514 dated February 6, 1958 which authorized his retirement from the service under section 97, paragraph (d) subsection 2, which states that one may be compulsorily retired from the force in order "to promote economy and efficiency". We feel he would undoubtedly do well in this new position which would require the very same things.

I should hate to finish without mentioning how pleased we are to see the hon. member for Restigouche-Madawaska back with us after his illness. He certainly, because of his very forthright nature should be one of those to be considered. The final point I want to make in connection with personnel touches on two members who, from the back benches, have given touching demonstrations of feeling and devotion for members of the cabinet and other leading Conservatives. I refer especially to the hon. member for Victoria, who in this house on more than one occasion has expressed an emotion for his chief which I think deserves a higher calling. The other hon. member I would refer to is the hon. member for Joliette-L'Assomption-Montcalm who must surely deserve something because of the devotion he holds for you, Mr. Chairman, hon. member for Longueil.

Some few of my remarks are undoubtedly not going to be taken seriously but I would suggest that in them there are points which are worthy of consideration. Certainly we in this group are prepared to push this thing through tonight so that the government need no longer be delayed after the Easter recess. There is only one other point, and this was brought to my attention by a couple of Conservative members during the recess for the evening meal. This was to the following effect: how could they possibly vote for the present resolution since they were, perhaps, involved self-interestedly in a matter concerning the expenditure of public money. I should just like to assure them that if they feel they cannot vote for this resolution they have an undertaking both from the official opposition and from this group that we will put it through.

Mr. Pickersgill: I am not going to yield to the Prime Minister's invitation to scoop my own book by saying anything about what I may know about what Mr. King thought, because I hope that every hon. member some two or three years hence will buy the book.

Mr. Diefenbaker: How long do we have to wait?

Mr. Pickersgill: It depends on how competently the business of this parliament is done, and how much leisure I can get to work on the book. There is really only one observation I want to make about this resolution and it is one which ought to receive consideration from two angles. One is, of course, the protection of the public purse. The other—and this is a more important angle still—is the protection of the independence of parliament.

All hon. members will recall that the first United Kingdom prime minister who was known by the title of prime minister—which was at that time considered to be not a title of honour but a term of opprobrium—said, or is supposed to have said, that every man has his price. I would be the last to hold any such view, and my experience in Ottawa goes back over 20 years. I believe that if the generality of the population had the same high standards of conduct as most public men have, the public would not be the poorer for it. There is, none the less, a danger. We are all human. We are all fallible and we are all subject to many temptations. It may be that very often the temptation of place is more important than the temptation of remuneration, but it is a very healthy rule that no member of parliament and certainly no member of this place should accept any emolument of any kind under the crown unless parliament itself has so decided.

There has, I think, been a regrettable, indeed, a deplorable tendency in some other legislatures—I will not go beyond that—to proliferate offices under the crown in some cases almost to the point where almost half the membership is in receipt of something more than the indemnity of a member. I think that is a very unhealthy situation. I am a practical politician—

Some hon. Members: Oh.

Mr. Pickersgill: —or at least I think I am, and I am no great believer in that kind of independent member who gets up and tries to make a good fellow of himself in the eyes of his constituents by a display of independence of his party simply for the sake of getting his name in the newspapers. There have not been very many men of this sort in our public life and I think, myself, that if we are going to have a party system and relatively stable government and some resistance to pressures of every kind that come upon every parliament, that in the main the place where the hon. member for Winnipeg South is supposed to have said that independence should be shown is the most effective place to show it.

What I do think is very important is that no matter who is in office and no matter what the government may be there should be in the ranks of the supporters of that government enough people who are both genuinely independent and capable of remaining independent. It seems to me that independence and party loyalty are not in the least incompatible and that it is very important to preserve both.

The Prime Minister will recall that Sir John A. Macdonald is supposed to have said that he had no use for parliamentary supporters who were willing to support him only when he was right. The men he liked were those who would support him when he was wrong. I suspect that the Prime Minister will be as much in need of that kind of support as any other leader we have had. The point I am trying to make is that there should not be slavish support nor the kind that comes from any hopes or expectations of profit, advantage or place. For that reason I sincerely hope that the highly salutary provision that was put in the estimates in 1943 will be included in the bill; that is to say that there should be an upper limit to the number of parliamentary secretaries who may be appointed.

I recognize that there is quite a strong argument that may be advanced to the effect that the government may not know from time to time how many of these secretaries it is desirable to have. However, I suggest that recent experiences in this parliament in this very session illustrate what a salutary thing it is for a government to have to come back to parliament and ask for any additional expenditures. I believe hon. members will understand to what I am referring without my elaborating further.

It seems to me the government should take the responsibility for deciding that any reasonable number of these parliamentary secretaries should be appointed and no more, and I believe 14 would be quite enough. I do not know what the Prime Minister's views are about whether any of these could be appointed in the other place. I do not know if the legislation envisages that. That is, of course, the practice in the United Kingdom. I confess that my own feeling is they are needed more in this house.

There are certain portfolios that are very onerous. All ministers are equal, we recognize,

but some are more equal than others. Some of those who are perhaps a little less equal than others I believe scarcely need the support of a parliamentary secretary. That is really the only point I wanted to make about this proposed legislation. I sincerely hope this parliament will not pass legislation that does not place an upper limit on the number of parliamentary secretaries that may be appointed.

So that I will not be tempted to inflict any more observations on the house when we reach second reading of the bill, perhaps I should add that there is one member of the government—or rather one portfolio; I should not say one member because I would not like to reflect in any way upon the hon. lady—where I can say from personal experience a parliamentary secretary is badly needed because of the nature of the work in that department, and that is the one I occupied when I left the government. Equally, I would say with all due respect to the hon. member for Labelle, that in the portfolio which he holds and which is the one I held when I first went into the government, I would think a parliamentary secretary would be redundant.

Mr. Regier: Mr. Chairman, I recall when almost a year ago the estimates were taken up in this chamber and we were asked to vote a certain supply of money to pay for parliamentary secretaries a number of us did a little mathematical calculation and came to the realization that the amount asked for was over and above the sum that could reasonably be expected to be expended on the part of the government because as I recall it a number of months of the year had already elapsed at that time. We moved an amendment on that occasion to reduce the estimate for parliamentary secretaries so that payments could be made only for the remaining months of the fiscal year. However, the Conservative backbenchers were more loyal to their political party than to their own logic and they helped to defeat the amendment. The fiscal year will have run out on March 31 and none of this money will have been expended. This illustrates that on some occasions the backbenchers of the government are ridiculous in their loyalty to their party which loyalty exceeds even their loyalty to their own sense of logic.

The question before us at this time is whether or not ministers need parliamentary secretaries. Looking at the condition in which our country finds itself we have to admit that they surely need help. They are all in difficulty. The government has mismanaged affairs and members of the cabinet are so incapable that members of the opposition are unable to say anything but that the cabinet ministers who now occupy the front benches of the government do indeed need assistance.

Agriculture is in a mess and it is obvious that the Minister of Agriculture needs some help. I should like to recommend some agriculturists from British Columbia to be his assistants. We have a few of them from that province on the government side of the house. There is the hon. member for Cariboo, a lifelong farmer and a good one at that. There is also the hon. member for Fraser Valley, a former superintendent of experimental farms who certainly ought to know agriculture. I regret that the Prime Minister this afternoon referred to these secretaries as new blood and young blood and therefore the hon. members for Cariboo and Fraser Valley obviously cannot be considered.

I was interested in a comment made by the hon. member for Port Arthur who indicated that not one parliamentary assistant in the previous group appointed by this administration was from the province of British Columbia. I feel the mere fact that hon. members from British Columbia regardless of political affiliation have shown that they have more on the ball than hon. members from other provinces should not be held against that province in the appointment of these officials. The fact that we now have three members from that province in the government should not preclude British Columbia having a fair share of the proposed parliamentary secretaries.

There is on the government side of the house an hon. member from British Columbia who has abilities that are unique and that probably exceed those of most hon. members in the government. I am referring, of course, to the hon. member for Vancouver South. It is rather an unlucky accident for him that the Prime Minister chose to select as members of the government that obviously able gentleman, the hon. member for Vancouver Quadra; his party leadership opponent, the able hon. member for Kamloops; and the equally able lifelong friend of the Prime Minister, the hon. member for Esquimalt-Saanich. However, we feel that the hon. member for Vancouver South ought not to be discriminated against simply because British Columbia already has three members in the government. We hope that the honesty, forthrightness, experience and intelligence of the hon. member for Vancouver South is going to be recognized.

The hon. member for Kootenay West raised the problem of a parliamentary secretary receiving more in income than a minister without portfolio. I would like to recommend one thing. I realize that these parliamentary secretaries are not going to be appointed, or I do not think they will be appointed, until there has been a shake-up in the ranks of the government. If this is a

problem, I would like to suggest that the hon. member for Greenwood, the Minister without Portfolio, could without any warning whatsoever move over and occupy almost any one of the portfolios of the government and operate it with much greater efficiency than it is being operated at the present time. I know the hon. member for Greenwood does not want a so-called promotion to the other place and we in our group, having observed his actions over a period of many long years, have come to admire some of his abilities and we rather regret to see him sitting on the sidelines as an adviser to a lot of young fry who, I am sure, do not want any advice and who are unwilling to accept his advice. We know he is a Tory of the old school and, I would rather have a Tory of the old school than any of those wishy-washy young, neither fish nor fowl to my left. I would highly recommend that the hon. member for Greenwood, at the time of the reshuffle of the government and at the time of the appointment of the parliamentary secretaries be given the honour, the respect and the acknowledgment that he deserves in a Conservative government.

The opposition members in this house are very concerned as to who is going to be appointed as parliamentary secretaries. We have had some experience in the past, in the days of the parliamentary assistants, and we rather liked it lately when we did not have to have a second-rate minister offering us explanations on anything that we might ask a department. We had direct contact with the minister. We hope that the new parliamentary secretaries who are to be appointed are not going to be simply a buffer agent on behalf of the minister. We hope that they will give us the same courteous service as we have received in recent months whenever we have had occasion to call upon any ministers of the government.

Resolution reported and concurred in.

Mr. Diefenbaker thereupon moved to introduce Bill C-37, to provide for the appointment of parliamentary secretaries to ministers.

Motion agreed to and bill read the first time.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

Hon. George H. Hees (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to direct the board of transport commissioners to require by order the reduction of class and commodity freight rates (other than competitive rates) charged by carriers subject to the order of the board dated November 17th, 1958, and to authorize payments to reimburse carriers for the resulting reduction of their revenues up to an aggregate amount of twenty million dollars.

Motion agreed to and the house went into committee, Mr. Sevigny in the chair.

Mr. Hees: Mr. Chairman, by its decision dated November 17 last the board of transport commissioners, pursuant to the application of the railway association of Canada and certain of the member companies, authorized a general increase of 17 per cent in the class and commodity rates which are non-competitive, including rates by joint rail-water routes which are differentially related to the rail rates, accessorial services, and specific increases of 22 cents per ton on coal and coke. No increases were authorized for statutory rates on grain and grain products, import and export related rates, and international rates between the United States and Canada; nor did the board authorize increases in competitive rates, in as much as the making of such rates is within the discretion of the railways, and is governed by the exigencies of competition.

The decision of the board was appealed by eight provinces to the governor in council, and while the governor in council recognized the need of the railways for the additional revenues which would thereby be obtained, and did not disallow the increase, it was the view of the government that a means of granting some relief from the increase should be devised.

As an interim measure designed to alleviate the burden of the authorized increase in rates, the proposed legislation provides for a subsidy of $20 million over a 12-month period, to be paid to the companies that are subject to the board's order No. 96300 as reimbursement for such reductions in rates as they may be directed to make pursuant to this legislation. The companies that are subject to order No. 96300, and thereby come within the scope of this legislation, are principally the Canadian National Railways, the Canadian Pacific Railway Company and its leased lines, and a number of smaller railway companies which are member lines of the railway association of Canada; and the water carriers who participate in joint water-rail, and rail-water—rail routes, that is the Canadian Steamship Lines, Northwest Steamship Company and Canadian Pacific Great Lakes Steamships.

The government has decided that the most effective relief is to be afforded by confining the subsidy to a reduction in the non-competitive class and commodity rates, including the joint rail-water rates which are

differentially related to the rail rates. These rates are generally known as "normal" rates, and are the ones which have taken the full percentage increases authorized by the board over many years.

This manner of alleviation concentrates the benefits on the long haul traffic where rates have not been kept down by competition. The subsidy will not apply toward a reduction in the other rate categories which I have referred to, whether or not they were authorized to be increased under the board's order.

The legislation provides that the board shall require the companies to reduce their class and commodity rates by such amounts as to effect a reduction in their revenues obtained from this traffic by $20 million during a 12-month period. The exact reduction in rates which will thereby result is a matter which will depend upon traffic volume and not one which the government, by legislation, could fix in advance. I may say, however, that on the basis of the present volume and pattern of traffic it has been estimated that the application of the $20 million subsidy on the basis which I have outlined will permit a reduction of some seven percentage points, thereby making the authorized increase approximately 10 per cent in lieu of 17 per cent.

As hon. members know, the government has indicated its intention of proceeding with a comprehensive inquiry into matters affecting the railways. The proposed legislation therefore limits the assistance to a 12-month period, when it is hoped a report will be available to the government. Consideration will then be given to means of further relieving the unfair discriminatory burden of the freight rate structure.

Mr. Chevrier: May I interrupt the minister at this point? Because of the noise in the house I could not follow the last sentence. He referred to a comprehensive inquiry affecting railway matters. Did he go any further and say anything about a royal commission?

Mr. Hees: Not yet.

Mr. Chevrier: I am sorry I interrupted.

Mr. Hees: Consideration will then be given to means of further relieving the unfair discriminatory burden of the freight rate structure. In the meantime the government does not propose to permit any further general increases in railway freight rates. At the conclusion of second reading I intend to move that the bill go to the standing committee on railways, canals and telegraph lines and may I say for the information of hon. members that I am advised by the chairman of the committee that, provided the bill is given second reading in time, the committee will commence sitting on Tuesday, April 7, at 9.30 a.m.

Mr. Chevrier: Mr. Chairman, the committee will have listened with interest to the statement the minister has made on the very important and very complicated question of freight rates. I was unable to follow all the implications of the statement although I tried to listen as carefully as I could to what was said. When I interrupted the minister I gathered from him that it would follow in due course that a statement would be made about the appointment of a royal commission. I did not hear that statement made but I take it that in the course of the debate at a later stage it is the intention of the minister to make that kind of announcement and to state also the terms of reference of the royal commission.

Mr. Hees: I might answer the hon. member for Laurier on that point now, Mr. Chairman. A much larger, long term inquiry is under very active consideration by the government at the present time and I expect that in the very near future to Prime Minister will be making the kind of announcement to which the hon. member has referred.

Mr. Chevrier: I thank the minister for that reply. I take it that the long term inquiry he has in mind is one which will cover the whole matter of railway policy as well as the railway freight rate structure. While I do not wish to anticipate what the form of that announcement will be I take it from what the minister has said that it will be a commission of some sort. I am not particularly concerned at the moment whether it be a royal commission or another type of investigation but I am very much concerned with the fact that according to the statement the minister has made there will be a complete investigation into the railway policy of Canada as well as the inequalities, inequities or discriminations which may exist and have existed for some time in the freight rate structure. I wanted to get that assurance from the minister because I intend to come back to that point at a later time.

The matter under discussion this evening is a resolution moved by the Minister of Transport which divides itself into two parts. The first part is expressed in these words:

That it is expedient to introduce a measure to direct the board of transport commissioners to require by order the reduction of class and commodity freight rates (other than competitive rates) charged by carriers subject to the order of the board dated November 17, 1958—

That is the judgment referred to by the minister earlier. The second part is expressed in these words:

—and to authorize payments to reimburse carriers for the resulting reduction of their revenues up to an aggregate amount of $20 million.

The terms of this resolution give rise to a number of questions and it seems advisable to consider these as one proceeds to discuss the statement the minister has made as well as the order of the board. I should like to deal first of all with the judgment and order of the board of transport commissioners which is dated November 17, 1958. The decision, in its recital of the facts on pages 5 to 7, indicates, particularly at page 6, what the railways had in mind.

Mr. Chairman, I am shocked at this moment. I have to interrupt my remarks to convey to the committee the information which has this moment been given me that the hon. member for Russell has just passed away.

Mr. Harkness: This is shocking news and I suggest that we adjourn. I move that we adjourn.

The Chairman: In view of the tragic news of which the house has been informed the chair agrees that we should adjourn. I will therefore rise, report progress and ask leave to sit again.

Progress reported.

Mr. Deputy Speaker: Is it the wish of the Minister of Agriculture to move the adjournment of the house?

Mr. Harkness: I so move.

Motion agreed to and the house adjourned at 8.42 p.m.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

STONTIUM 90—ANALYSIS OF OFFSHORE WATERS AND FISH

Question No. 136—**Mr. Argue:**

1. Has any analysis been made recently of the Canadian offshore waters of either our Atlantic or Pacific coasts, and/or the fish found in these waters, to determine the content of nuclear fall-out produced strontium 90 or other long-lived radio active isotope?

2. If so: (a) What was the nature of the findings? (b) How do these compare with the supposed tolerable limit in each case?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. No. These measurements have not been undertaken because reliable observers in other countries have reported values which are a low fraction of those measured in the average Canadian diet. In addition, fish contributes only a little over 1 per cent of the calcium in the Canadian diet. Calcium and strontium are closely associated in foods and where little calcium is obtained from a dietary source, little strontium will be added.

2. See answer 1 above.

ATOMIC AND HYDROGEN BOMB TESTS

Question No. 138—**Mr. Argue:**

1. Is any department or branch of the federal government presently making any studies as to the extent to which atomic and hydrogen bomb tests can be made without grave danger to the human race?

2. If so, what are the results or findings of such studies?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. This is an extremely complex problem which cannot be fully studied by one nation alone. Agencies of the federal government, particularly Atomic Energy of Canada Limited and the Department of National Health and Welfare, through representation on the United Nations scientific committee on the effects of atomic radiation, have been participating in studies and assessment of studies of the possible dangers to the human race of nuclear weapon tests.

2. The results of these studies have appeared in the report of the United Nations scientific committee of August, 1958.

NATIONAL MUSEUM DIRECTORS

Question No. 187—**Mr. Argue:**

1. What were the names of each director of the national museum of Canada who has held that position since January 1, 1935?

2. What were their administrative and professional qualifications, by whom were they recommended and appointed, and between what dates did they hold this position?

3. What was their citizenship status?

4. Did any of these men hold positions with the museum prior to their appointment as director?

5. If so, what position or positions were they?

6. What was the reason for termination of employment with the museum in each case?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

(Answer is as of date of question, i.e., February 23, 1959.)

1. (a) William Henry Collins (acting director), (b) Wyatt Malcolm (assistant director, assistant curator), (c) F. C. C. Lynch (in charge), (d) William Benjamin Timm (in charge), (e) Frederick James Alcock (curator, chief curator), (f) Loris Shano Russell (director, natural history branch), (g) Jacques Rousseau (director, human history branch).

2. (a) A distinguished geologist and director of the geological survey (of which the national museum was a division) he was appointed by the civil service commission as director of the geological survey in 1920 and took over as acting director of the museum on the death of William McInnes in 1926; he retired in 1935.

(b) A geologist and civil servant, he administered the national museum in his capacity as assistant director to the geological survey and, under Mr. F. C. C. Lynch, chief of the bureau of geology and topography, he continued under the title assistant curator; he functioned in these capacities from 1926 to 1941.

(c) As chief of the bureau of geology and topography, he was titular head of the national museum; a civil servant, he was named by Dr. Charles Camsell, deputy minister of Mines and Resources and held office from 1936 to 1946.

(d) As director of the mines and geology branch (a civil servant in the department of mines and resources) he was in charge of the museum for a few months in late 1946 and early 1947.

(e) A distinguished geologist and geographer, he was named as curator by the deputy minister of mines and resources in 1947; in 1948 the title was changed to chief curator, and he continued in office from 1947 until retirement in 1956.

(f) A palaeontologist who served 7 years with the geological survey, he was for 14 years with the royal Ontario museum, director of the royal Ontario museum of palaeontology. For 6 years he was chief zoologist, national museum and was appointed by the civil service competition to position of director of the national museum on November 10, 1956.

(g) Served with the Montreal botanical garden for about 20 years, first as part time and full-time assistant director in the period from 1938 to 1942, later as superintendent of the garden from 1942 to 1956, and finally as its scientific director from March 1956 until his resignation a year later. He was appointed by the civil service commission competition on January 1, 1957.

3. All persons listed were or are Canadian citizens.

4 and 5. (a) As a member of the geological survey he was associated with the museum, although not on its staff. (b) Same as for (a). (c) No. (d) No. (e) Same as for (a). (f) As assistant palaeontologist and geologist, geological survey, 1930 to 1937, he prepared exhibits for the museum; from 1950 to 1956 he was chief zoologist, national museum. (g) Seasonal employment for field investigations during the summers of 1929 and 1930.

6. (a) Retirement. (b) Retirement. (c) Retirement. (d) Relegation of work to Dr. Alcock. (e) Retirement. (f) Incumbent. (g) Incumbent.

NATIONAL MUSEUM—FUNCTIONS

Question No. 203—**Mr. Argue:**

1. What are the various functions of each branch of the national museum of Canada and their relative importance?

2. What functions does each branch of the national museum of Canada perform in Canadian life, what relationships exist between each branch of the national museum and other Canadian museums, and what services does it render to them?

3. What was envisaged by the royal commission on arts, letters and sciences as the function of national museums in the life of the nation?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. The functions of the natural history branch are to collect, preserve, study, exhibit and to make known by scientific and popular publications and other media of mass communication the significance of the materials that illustrate the zoology, botany, geology, palaeontology and mineralogy of Canada.

The functions of the human history branch are to collect, preserve, study, exhibit and make known by scientific and popular publications and other media of mass communication the significance of the materials that illustrate the ethnology and archaeology of Canada. Under archaeology are included both prehistoric and historic archaeology, and also physical anthropology. Under ethnology are included social anthropology, material cultures, linguistics and folklore.

In the past the emphasis has been mainly on the closely related functions of collections, preservation and study, due primarily to limitations of space and available funds. Some emphasis has been placed on the collection function (particularly in the fields of palaeontology, ethnology, archaeology) because of the necessity to collect specimens before their destruction or obliteration by floods and other natural catastrophes, agricultural activities, human settlement and the natural destructive processes of time.

As additional space and facilities are being made available, exhibits, as well as the educational and information services, are being enlarged and improved.

2. Both branches of the national museum of Canada contribute to the scientific and cultural knowledge of the general public of Canada, of the scientists and students in the sciences outlined in the answer to No. 1. This is done mainly in three ways: First, specimens are exhibited or made available for study in collections at the Victoria museum building in Ottawa and by displays in other Canadian museums and institutions to which they are lent. Second, lectures and discussions are given at the museum and talks are broadcast over the radio and on television. Finally, scientific reports and papers in both scientific and popular periodicals are published.

In the scientific field, both branches of the national museum provide reference collections for the use of scholars. Thus the natural history branch provides basic information for geological and biological research and for studies in conservation. The human history branch provides basic information on the origins and early history of the native and immigrant peoples of Canada and material for social studies on modern Canadian peoples. The museum's collection of folk songs has been widely used in folk music presentations and in Canadian musical composition.

Both branches of the national museum co-operate closely with other museums across Canada both directly and through the Canadian museums association, of which the director of the natural history branch was, until recently, secretary-treasurer. This co-operation takes the form of the exchange of specimens on both a permanent and temporary basis, the identification of specimens, long term loans to museums, information and advice on the preparation of exhibits, the training of museum personnel, and the use of the museum's library and photographic collections.

3. The text may be found on pages 320 and 324 of the royal commission's report.

Questions

REPAIR WORKS, RICHELIEU-VERCHERES CONSTITUENCY

Question No. 226—**Mr. Cardin:**

1. How much of the money voted in the estimates of 1958-59 for repair works in the constituency of Richelieu-Vercheres was actually expended?
2. What projects appearing in the estimates of 1958-59 for Richelieu-Vercheres have been completed to date?
3. Were some of these projects not proceeded with? If so, for what reason?
4. Have steps been taken by the department to complete these projects in the coming fiscal year?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Location	Project	Amount	Paid To Date
Contrecoeur	Retaining wall	$ 90,000.00	$13,834.32
Ste Anne de Sorel	" "	345,000.00	Nil
Sorel	" "	60,000.00	43,424.09
Tracy	" "	45,000.00	1,799.38
Vercheres	" "	50,000.00	21,208.25
St. Ours	" "	8,000.00	Nil
Varennes	Repairs to retaining wall	15,700.00	(work in progress) 3,092.58

2. Sorel—retaining wall
   Sorel—terminal wharf No. 1—improvements
3. Yes. The retaining wall at Ste Anne de Sorel has not yet been proceeded with due to a change in design and an agreement being reached with the municipality regarding the site.
4. Yes. Projects which have not been completed are either in progress or suspended due to winter conditions, and work will be resumed in the coming fiscal year.

E. A. COTE

Question No. 246—**Mr. Argue:**

1. Over what branches of the Department of Northern Affairs and National Resources does Mr. E. A. Cote, the assistant deputy minister, exercise supervision?
2. How are Mr. Cote's supervisory duties over the operations of each of these branches defined?
3. Over what operations of each of these branches does Mr. Cote's jurisdiction extend?
4. Which branches of the Department of Northern Affairs and National Resources are not under supervision of Mr. Cote, and who supervises the operations of each?
5. Is Mr. Cote a member of any government board or committee?
6. If so, what are they, what is the purpose of each, and in what capacity does Mr. Cote serve?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Forestry, water resources, the national historic sites division and the Canadian wildlife service of the national parks branch, the human history and the natural history branches of the national museum of Canada, and the Canadian government travel bureau.
2. The duties are to supervise the activities of the branches, normally not in detail, but in their more important aspects, particularly those involving questions of policy; to be available for consultation by the branch directors and to assist in formulating policy; to report to the deputy minister and to raise important questions of policy for consideration by him or for decision by the minister; to ensure, through the directors, the efficient operation of the branches and their adherence to government and departmental policy generally.
3. Over the general operations, varying in detail as circumstances require.
4. Mr. F. J. G. Cunningham, assistant deputy minister, supervises the operations of the northern administration branch and of the administrative services of the department. Mr. R. C. Robertson, deputy minister, supervises the operations of the national parks aspect of the parks branch directly, as well as being generally responsible for the department as a whole.
5. Yes.
6. (i) Names of committees: (a) The advisory committee on water use policy, (b) Privy council committee of officials on research, (c) The suggestion awards board.

(ii) Purposes of committees: (a) To coordinate at the official level interdepartmental policy on water use, (b) to consider interdepartmental research policy, (c) to consider and recommend to treasury board awards for useful suggestions to improve working methods in the civil service.

(iii) Capacity in which Mr. Cote serves: (a) Vice Chairman. (b) representative of deputy minister, (c) member.

HOUSE OF COMMONS

Wednesday, March 25, 1959

The house met at 2.30 p.m.

TRIBUTES TO DECEASED MEMBERS

THE LATE SIDNEY E. SMITH—
THE LATE J. OMER GOUR

Mr. Speaker: May I convey to the house a message of sympathy which I have received from the legislative council of British Guiana, in these terms:

SECOND
LEGISLATIVE COUNCIL
under the
British Guiana (Constitution) (Temporary Provisions) Orders in Council, 1953 and 1956.

SECOND SESSION

1958 - 1959

RESOLUTION NO. IX.

RESOLVED, That this council records its profound regret at the death of Mr. Sidney Smith, minister of external affairs, Canada, and directs that an expression of its sympathy be conveyed to the parliament of Canada and to the relatives.

Passed by the legislative council this 18th day of March, 1959.

(Signed) A. I. CRUM EWING
Clerk of the Legislature

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it is always very difficult to express oneself adequately when a fellow member passes from this scene. Last evening all of us were deeply shocked at the sudden passing of Mr. J. Omer Gour, member for Russell. I had just left the house a few moments before, and on arrival at my office was informed that he had joined the group who in the service of their country pass away. He was a man of genial disposition, kindly in his relationship with his fellow members and one who without exaggeration did have the affection of all who served with him, irrespective of political persuasion.

He came into the House of Commons in 1945, having already established for himself an intimate connection with the lives of the people of his constituency. He was an executive in a number of co-operatives and was greatly interested in agriculture. He had given himself to public service in various charitable and semi-public institutions in his community. He had served as mayor of his home town of Casselman for a period of five years. Indeed, his wide interests in the community are spelled out in the list of organizations to which he gave the benefit of his advice and to which he made a contribution.

Here in the House of Commons in a most gentle manner he epitomized those characteristics of public service which are the hallmark of good citizenship. He looked upon his membership in the House of Commons as an opportunity for greater personal service to the people of his constituency who sought his counsel at all times. Indeed, as I remember it, when he had his first office on the first floor of this building the numbers who came to him for advice were so great that he had to establish, as it were, an additional office in the hallway. He was a good member. I speak as one who liked him because of his infinite fairness and his attitude in general to the discussion of public affairs.

On behalf of the government and the people of Canada I wish to extend our deepest sympathy to his widow, his two daughters and his son. To them I trust will come the comfort that is felt by those who, having lost a loved one, realize that his service and the contribution he made to his constituency, his province and his country will be a monument in the years ahead to that life of service. I want to add as well the sympathy of my colleagues, myself and members on the government side of the house to the Leader of the Opposition and his colleagues in the great loss that he and they have sustained in the passing of one who enjoyed the affection of the house.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to thank the Prime Minister for what he has said about our friend and colleague. We are reminded by his words that within a week a second seat in the House of Commons has been vacated by sudden death. Once again last evening we were shocked into a realization of the transient and uncertain character of man's life and man's affairs.

We in this house have lost in the death of Mr. Gour one of our senior members, a member with 15 years of service in the house. As the Prime Minister has said, Mr. Gour reached the House of Commons after many years of

public service in his own community and after achieving success in his own field of private activity.

Perhaps, Mr. Speaker, the measure of a man's worth is best judged from the feeling for him by the people among whom he lived and worked. In the case of Joe Gour that feeling was one of respect and affection for a man whose whole life was one of service to others. That same feeling, I know, was shared by all his fellow members in the house, particularly perhaps by those of us who worked with him in the Liberal party and who deeply appreciated his unselfish and complete co-operation and his wise counsel, expressed always with modesty but with frankness and sometimes with a saltiness that caused it to be remembered.

He was a strong party man, but his friendships in the house were not limited by party affiliations as happily is so often the case. We all liked him. He was a good and modest man. As the Prime Minister has pointed out, he was always fair and ever generous in his assessment of policies, with a particular interest in how they affected his farmers, his people as he always called them. In fact, Mr. Speaker, I think it is true to say that he had become a notable parliamentary personality over the years he was in the house, one who had earned and had received our regard and our affection. We shall all miss him greatly.

I join with the Prime Minister in his expression of deep sympathy to Mrs. Gour and the members of the family at this dark time. Their loss was as sudden as it is irreparable.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the passing of Mr. Gour last evening demonstrates once again to all members of the house how fleeting and temporary is our life. I was particularly shocked because I have had the good fortune for some time to sit in the house next to him. We became close friends, and I cannot speak too highly of his personal qualities.

As has already been said, he came to this house in 1945. In parliament and in his community he worked in the interests of agriculture. He worked in his community in the interests of community life and in the interests of his church. I have admired Mr. Gour and his activities in parliament for many years because of his fairness, and because of his independent turn of mind. I can remember a number of occasions on which he spoke out most forthrightly on controversial issues. He was a man who felt, in one instance, that his government should move in the field of interest rates in order to protect the incomes of the ordinary people of this country.

He was a member of the agriculture committee, as I have been, for many years. I can agree with the statement by the Leader of the Opposition that he had the interests of the farmers, the people of his constituency, very close to his heart. We know that in parliament he worked under something of a handicap. I think, with the handicap he had, he showed great bravery in always being prepared to stand up and speak his mind in the interests of justice as he saw it.

I join with the Prime Minister in extending to the Leader of the Opposition and to the Liberal party our sympathy at the loss of a valuable colleague. We extend to Mrs. Gour and to the three children our most sincere sympathy.

(Translation):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, it does not happen too often in parliamentary life that a member has to interrupt his speech to be informed of the demise of a colleague. That was my experience last night, while I was speaking to a resolution relating to the Department of Transport.

As soon as the house adjourned, I went to my fellow-member's office, where I witnessed a very moving scene. The party whip, surrounded by our colleagues, was reciting prayers until the arrival of the priest who later administered the last sacraments, while our colleague's widow and his two children could not believe that their husband and father was no more.

Mr. Speaker, Joseph Gour had great virtues. He was a good and generous man. Many people in his riding and elsewhere frequently benefited from his generosity.

He was a most sincere man, faithful to his principles. On many occasions he fearlessly made his views known on difficult and delicate matters. Only recently, as my colleagues in the house well know, at a farmer's meeting where some of us had been speaking in general terms, Joseph Gour did not hesitate to express his opinion bluntly so that the farmers might fully know and understand exactly what he had in mind.

In addition, Mr. Speaker, Joseph Gour was a party man. That is not a bad thing. It only proves, as the right hon. Prime Minister (Mr. Diefenbaker) said a moment ago, that one can be a party man and still deserve the respect, friendship and affection of members, not only on the opposition but also on the government side.

When I was member for Stormont, Mr. Gour was my neighbour and, on several occasions, came to my constituency to give me a hand.

The two tragic events which have occurred in the house within a week, should, it seems to me, teach us a lesson. On one side of the house there was a member who had achieved great things, both in the national and international fields, while on this side, another member's activity is abruptly ended after he, too, had done great things in a more restricted field, his district, his constituency. Both, however, are of equal status before their Maker and I feel that, whatever our qualities, successes, shortcomings or failures, each and everyone of us should remember that we are all equal in the eyes of the ultimate Judge.

Mr. Speaker, Joseph Gour was a patriot. He loved French, he loved French education and culture, and hardly missed an opportunity to speak in their behalf, especially when they stood for the advancement of his own people in Ontario. I am sure that no member of the house, even among those who do not share my views in this regard, will begrudge my saying that, because of that attitude, he has been of genuine service to his constituents.

Then too, and above all, Joseph Gour was a family man. He loved and adored his wife, children and grandchildren, and lived for them. His passing will create a great void among us, but in his family that void will never be filled.

To his bereaved widow, to his son Robert and to his daughters Gaby and Raymonde we extend our deepest sympathy.

(Text):

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—STATEMENT ON REVISION OF TERMS OF UNION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to acquaint the house with the government's proposals with reference to the terms of union with Newfoundland.

Article 29 of the terms of union provided as follows:

Review of Financial Position

29. In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from the date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

In pursuance of this provision the former government appointed a royal commission consisting of Chief Justice McNair of New Brunswick, the late Sir Albert Walsh, chief justice of Newfoundland, and Mr. John Deutsch. Their report was submitted not long before prorogation of the last session of this parliament, and by that report they recommended that Canada should pay to Newfoundland additional financial assistance after the transitional grants as follows:

	Millions of dollars
1957-58	6.6
1958-59	6.95
1959-60	7.3
1960-61	7.65
1961-62 and thereafter	8

The recommendations of the royal commission have been studied with care and were discussed by the government with the premier and other representatives of the government of Newfoundland. Both governments have entertained serious reservations concerning the basis of the conclusions reached by the commissioners. We in particular have been concerned that the commissioners have used the fiscal year 1957-58 as the base year, whereas the period accepted as the basis in the presentation of all the evidence was the fiscal year 1956-57, which accords with the terms of article 29 which I read in full a moment ago. The vague nature of the commissioners' recommendation as to the duration of the payments has also occasioned difficulty for both governments. In his final submission to the royal commission, counsel for Newfoundland argued quite specifically that provision should be made for a further review of the economic and financial position of the province within a reasonable period of time. The government of the province still asserts that position as the proper interpretation of the rather uncertain and nebulous provisions of article 29.

Since the fiscal year 1957-58, and incidentally since this government came into power, Newfoundland has greatly benefited from additional forms of financial assistance from the government of Canada. The new direct payments alone aggregated over $9 million in the fiscal year 1958-59. This amount included the increased rate of standard individual income tax, the higher than average per capita benefit extended to Newfoundland through the Atlantic provinces adjustment grants, as well as various increased or new conditional grants.

Notwithstanding the difficulties presented by its report, it remains a fact that the royal commission was appointed to fulfil the terms of union of Newfoundland with Canada, and these terms are part of the British North America Act. My colleagues and I are accordingly of the opinion that parliament should be invited to take action on the commission's recommendations. It is proposed, therefore, to ask parliament to authorize payments as recommended by the royal commission, but in our view the duration of the payments should be limited to five years, as both Newfoundland and Canada have recognized the difficulties involved in making projections from one selected year into the future, and it has further appeared to be quite inappropriate to endeavour to provide for a fixed amount payable annually over a period of unlimited duration. A resolution will shortly be placed on the order paper asking leave to introduce a bill to carry into effect these provisions pertaining to the terms of union. The proposed payments will be unconditional and will be in final and irrevocable settlement of the provisions of article 29 and the contractual obligations of the union consummated in 1949.

On conclusion of the payments as of March 31, 1962, which corresponds with the conclusion of the present five-year fiscal arrangement between Canada and the provinces, Newfoundland's position can be considered in the light of the general methods of providing financial assistance to the provinces which may be in effect at that time.

Provision will be made in the bill for the payment to Newfoundland of the amounts due for 1957-58 and 1958-59, totalling $13,550,000, before the government accounts are closed for the present fiscal year.

I should now like to say a word respecting the 10th anniversary of the union of Newfoundland with Canada, which will be celebrated next Wednesday, April 1. As the house will not be sitting then may I be allowed on behalf of Canadians in the other nine provinces to convey to the people of Newfoundland the pride we all feel in the decision then made whereby they became Canadians.

Each of the provinces has its problems, and Newfoundland is no exception. Differences do exist as to the solution of these problems; but my certain faith, based on the achievements of the past, is that these differences will be solved in the spirit of confederation and with that understanding and common dedication that are the enduring basis of confederation.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the Prime Minister's statement indicates that the government will ask parliament to discharge an obligation to Newfoundland, one which arises out of the terms of union with that province and one which was examined by a royal commission which made certain recommendations in regard to its discharge. I suggest that any additional forms of financial assistance which may have been given to Newfoundland since that royal commission reported or indeed before it reported have no bearing whatever on this particular contractual constitutional obligation.

I welcomed, as I am sure all hon. members of the house welcomed, the statement of the Prime Minister that action is to be recommended in the terms of the royal commission report in so far as the amount of financial assistance is concerned. I regret that this was not done many months ago, whereby the uncertainty which had been created by this delay could have been avoided, and I think the government is to be criticized for not having taken this action earlier.

I hope I am not misinterpreting what the Prime Minister said when I note that this assistance is to be for five years only. That does not seem to me to be compatible with the obligation which the government of Canada accepted in the terms of union. While it is one thing to have these terms re-examined and perhaps reviewed at the end of five years, it is quite another to assume that no obligation will exist after five years. That assumption is quite unwarranted.

The Prime Minister has made reference to the fact that we are approaching the 10th anniversary of the union of Newfoundland with Canada. That was a happy event for all of us at the time it happened, and we can all take great pride in this completion of the work of confederation. The Prime Minister has mentioned that there are difficulties between the province and the central government. We have had difficulties of that kind before in confederation, and I feel certain that with a spirit of good will and understanding—and that means understanding of the situation and circumstances of Newfoundland as well as those of Ottawa—these difficulties can be resolved and that this union between the oldest British colony and Canada will continue to develop and flourish in the years ahead as it has in the past 10 years to the benefit of the people of Newfoundland and of the rest of Canada.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, members of the C.C.F. will reserve their comments on the financial announcement made by the Prime Minister until the time the resolution is before the house.

We have noted his reference to the 10th anniversary of the union of Newfoundland

with Canada. In spite of the grave mistakes we believe have been made by the premier and legislature of that province, and in spite of our very strong feeling that there has been an encroachment on fundamental human rights and freedoms, we have no quarrel with the people of that province. We are certain that while there are major differences between the C.C.F. movement and the government of Newfoundland, in the days ahead all people of good will in this nation, including the people of the tenth province, will work as one for the the improvement of the living standard of Canadians generally. We hope the day is not far distant when far-seeing governments both on the national and provincial level will have worked out policies to provide to the people of Newfoundland the same standard of living and the same rights that are afforded other Canadians.

[*Later:*]

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Prime Minister whether I understood him correctly to say that the legislation which he announced the government intends to bring down to implement the recommendations of the McNair commission contemplated the complete discharge of the obligation under section 29 of the terms of union by that legislation, which will expire on March 31, 1962?

Right Hon. J. G. Diefenbaker (Prime Minister): That is so, Mr. Speaker; and any consideration at that time will, of course, be in the context of the larger situation of the nation as a whole.

Mr. Pickersgill: Does the Prime Minister realize that every person in Newfoundland will regard this as another breach of a solemn contract?

Mr. Diefenbaker: Mr. Speaker, I really do not think the hon. gentleman, while he claims paternity for most good things that have been achieved on behalf of Newfoundland, speaks for all the people.

Mr. Pickersgill: You will see.

EXTERNAL AFFAIRS

ANNOUNCEMENT OF EXPANSION OF CANADA HOUSE IN LONDON, ENGLAND

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to advise that arrangements have been completed under which the building adjoining Canada house in the city of London, England, and now occupied by the Royal College of Physicians will be added to the present Canada house when the new building of the royal college is completed. This is a particularly satisfactory arrangement, because the property now occupied by Canada house was completed in 1825 for the Union club and the adjoining property, which occupies the remainder of the west side of Trafalgar square, was completed at the same time. A unique feature of these two buildings is that although they were built for different organizations, they were designed by the same architect and built by the same contractor. As a result the exterior on Trafalgar square is part of a single architectural design, with exactly the same size windows and similar decorative features.

The new property will give Canada house the additional office space required for its administrative headquarters. It will also provide one of the finest sites in London overlooking Trafalgar square from which historic streets such as the Strand, Whitehall and Pall Mall radiate to every part of the city.

THE BUDGET

ANNOUNCEMENT OF PRESENTATION ON THURSDAY, APRIL 9

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I inform the house that barring any unforeseen contingencies I hope to introduce the budget on Thursday evening, April 9.

STARRED QUESTIONS

C.B.C. BOARD OF DIRECTORS—RADIO INTERESTS

Question No. 10—**Mr. Caron:**

Is any member of the executive committee of the board of directors of the Canadian Broadcasting Corporation at present engaged in the business of broadcasting or has any pecuniary or proprietary interest, as owner, shareholder, director, officer, partner or otherwise, in a broadcasting station or in the manufacture or distribution of radio apparatus?

He said: I have consulted the minister, and if I have leave of the house I would like to withdraw the question.

Mr. Speaker: Is it agreed that the hon. member shall withdraw his question?

Some hon. Members: Agreed.

Order discharged and question withdrawn.

UNEMPLOYMENT INSURANCE FUND

Question No. 42—**Mr. Robichaud:**

What was the total amount to the credit of the unemployment insurance fund as at (a) February 28, 1958; (b) February 28, 1959?

Hon. Michael Starr (Minister of Labour): The answer to this question is as follows, Mr. Speaker:

(a) February 28, 1958 ....$794,547,091.77
(b) February 28, 1959 ....$547,399,504.48

Starred Questions

C.N.R. TRAIN DERAILMENT, SUDBURY-HORNEPAYNE

Question No. 43—**Mr. Fisher:**

1. Was there a train derailment on the Canadian National Railways line between Sudbury and Hornepayne on March 20 or March 21, 1959?
2. If so, what were the particulars, including the location, speed of the train, preliminary estimate of the cause and of the cost of such derailment, the length of time through traffic was held up, and details of train rerouting caused by the derailment?
3. Has there been a reduction in the maintenance of way personnel in the past 12 months on the section where the derailment took place?
4. If so, how large a reduction?

Hon. George H. Hees (Minister of Transport): The answer to part 1 is yes, on March 21.

In regard to part 2, the management advise that super Continental train No. 1 had 13 cars and the diesel unit derailed at mileage 121, Ruel subdivision on the Capreol division. All cars and the diesel unit remained upright, and no personal injuries were suffered. The investigation into the cause of the accident has not yet been completed. Preliminary indications are that the speed of the train was not excessive, and the damage to the equipment was slight and is not expected to exceed $1,000. As a result of the derailment the main track was blocked for approximately 22 hours, and trains were detoured between Austin, on the Sudbury subdivision, and Oba, on the Oba subdivision, over the C.P.R. and Algoma Central and Hudson Bay lines.

As to part 3, there has been no reduction in manpower during the past 12 months in the maintenance of way forces on the section where this derailment took place, and there has been no deterioration in the standard of maintenance of this section of track.

Part 4 is, of course, answered by the answer to part 3.

BOND ISSUE DENOMINATIONS, 1959

Question No. 44—**Mr. McMillan:**

In connection with the issue of $200,000,000 government of Canada bonds authorized by the Minister of Finance in February, 1959, one issue to mature in 13 months and the other to mature in 21½ months, how many bonds were sold in each of the following denominations, $1,000, $5,000, $25,000, $100,000 and $1,000,000?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, with reference to the first issue the answer is $2,055,000; $3,320,000; $16,725,000; $44,900,000; $18,000,000. With reference to the second issue the answer is: $7,375,000; $12,450,000; $32,475,000; $53,700,000; $9,000,000.

FOREIGN SHIPPING SUBSIDIES, ST. LAWRENCE-GREAT LAKES

Question No. 45—**Mr. Fisher:**

1. Has the government received information that certain foreign shipping lines have had subsidies approved by their governments for service into Canadian ports along the St. Lawrence-great lakes seaway?
2. If so, what are the lines, and their Canadian ports of call?
3. Under present regulations or statutes would such shipping move cargo from one Canadian port to another Canadian port?

Hon. George H. Hees (Minister of Transport): The answer to parts 1 and 2 is that it is understood that the United States government has indicated that it proposes to subsidize certain shipping services from United States great lakes ports to Caribbean and trans-Atlantic areas. Since this is a matter of United States decision we do not, as yet, have full information as to what lines and types of service may be involved. I have seen reports that the United States company, Grace Lines, has been authorized to operate on one of these routes but I am not aware that any other companies have as yet been named. In the case of Grace Lines it is understood that the company will be permitted to carry cargo between Canadian great lakes-St. Lawrence ports and foreign ports en route. As I indicated in reply to a previous question, this situation is being watched carefully.

With regard to part 3, this information was given in the answer I made yesterday to the hon. member, namely that the Canada Shipping Act prevents these ships from moving cargo from one Canadian port to another Canadian port.

NEWFOUNDLAND—PUBLIC INQUIRY INTO LABOUR DISPUTE

Question No. 46—**Mr. Pickersgill:**

1. Did the Prime Minister receive a communication from the premier of Newfoundland inviting the government to set up a public inquiry into the violations of the law in the labour dispute in Newfoundland?
2. If so, what was the precise wording of the communication and the precise wording of the Prime Minister's reply to the premier of Newfoundland?

R.C.M.P. REINFORCEMENTS, NEWFOUNDLAND

Question No. 47—**Mr. Pickersgill:**

1. Did the Prime Minister receive a communication from the premier of Newfoundland, regarding the refusal of the government to send Royal Canadian Mounted Police reinforcements to Newfoundland?
2. If so, what were the precise contents of such communication?
3. Did the Prime Minister make any reply to this communication, and if so, what was the precise nature of the reply?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as these two questions are concerned, if I may take them together, the answer is yes. I have the correspondence. It is not included in my file here, but with the leave of the house I will table it later today.

Mr. Pickersgill: That will be quite satisfactory to me, sir, if the Prime Minister would ask leave to have it included in *Hansard*.

Mr. Diefenbaker: Mr. Speaker, I do not mind reading the appropriate portions, but I think there is really no need for it to be included in *Hansard*. If the hon. gentleman wants the exact wording I will ask that these two questions stand and when the session resumes I will see that the answer is complete. I thought it would help him just to table it, but if that is not satisfactory I will ask that both questions stand.

Mr. Pickersgill: I would much prefer that, sir.

Mr. Speaker: Questions 46 and 47 stand. Questions stand.

R.C.M.P. STRENGTH, CORNER BROOK AND DEER LAKE, NFLD.

Question No. 48—**Mr. Batten:**

1. How many Royal Canadian Mounted Police are stationed on regular strength, at (a) Corner Brook; (b) Deer Lake, Newfoundland?
2. Have any reinforcements been sent to either of these two areas?
3. If so, how many?
4. From what areas were these reinforcements drawn?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the answer to part 1 is that 43 members of the R.C.M. Police are stationed on regular strength at Corner Brook and three at Deer Lake, Newfoundland.

The answer to part 2 is yes.

The answer to part 3 is that 4 reinforcements have been sent to Corner Brook and 1 to Deer Lake.

The answer to part 4 is that of those reinforcements 4 were drawn from St. John's, Newfoundland, and 1 from Hampden.

QUESTION PASSED AS ORDER FOR RETURN

RAILWAY GRADE CROSSINGS, QUEBEC

Question No. 252—**Mr. Deschatelets:**

1. Was any amount paid by the federal government in the province of Quebec in connection with the elimination of railway grade crossings since 1955?
2. If so, what amount each year since 1955, in what locations and to whom were payments made?
3. Was any of this work requested by the provincial government of Quebec?

MOTIONS FOR PAPERS

OLD AGE ASSISTANCE—VOLUNTARY WITHDRAWAL

Motion No. 68—**Mr. Fisher:**

For a copy of all correspondence, telegrams, and other documents exchanged from June 1, 1955, between federal and provincial departments on the subject of old age assistance, insofar as voluntary withdrawal is concerned.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I have no objection to this motion passing, subject to the usual reservation in regard to privileged documents.

Mr. Speaker: Is it the pleasure of the house to adopt the motion, subject to the reservation expressed by the minister?

Motion agreed to.

C.B.F.T. NEWS BROADCAST, MARCH 10

Motion No. 72—**Mr. Deschatelets:**

For a copy of the transcript of the news broadcast from C.B.F.T., channel 2, Tuesday, March 10, last, at 11 p.m.

Motion agreed to.

LACHINE SECTION, ST. LAWRENCE SEAWAY—REPORTS AND DOCUMENTS

Motion No. 73—**Mr. Fisher:**

For a copy of all papers and documents regarding the Lachine section of the St. Lawrence deep waterway, and more particularly, the following:

(a) "The Great Lakes-St Lawrence deep waterway—a brief description", by Guy A Lindsay, director, special projects branch, Department of Transport, December 22, 1951.

(b) Copy of the documents, dated either 1952 or 1953, which recommended a change of plan from a canal and locks on the north shore of the river to a canal and locks on the south shore.

(c) Departmental reports relating to the provision of turning basins below the Jacques Cartier bridge; above the St. Lambert lock; before the Cote St. Catherine lock.

(d) Those communications from the Department of Transport to the chief of engineers, United States army, in which the total cost, based upon unit cost levels of December, 1952, of the work to be undertaken by Canada in the Canadian sections of the St. Lawrence river, given as $172,950,000.

(e) Any document giving the breakdown of the figure of $172,950,000 into the total cost of the work in the several sections of the river; and also the major items of cost within each of such sections.

(f) The letter written by Mr. R. A. C. Henry, either as head of, or consulting engineer for the special projects branch of the Department of Transport to the chief engineer, United States army, on the 25th of February, 1953.

(g) The report of the board of engineers appointed by the Minister of Transport in 1950 to make recommendations on the improvements in Montreal harbour by the prospective opening of the deep seaway.

(h) The text of any agreements between the seaway authority or any other branch of the dominion government on the one hand and the national harbours board or the government of the province of Quebec on the other hand, relating to the alteration or reconstruction of the Jacques Cartier and Honore Mercier road bridges.

Hon. George H. Hees (Minister of Transport): There is no objection to the passage of this motion with the usual reservation regarding the consent of the provinces and in regard to privileged documents.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation expressed by the minister?

Motion agreed to.

POSTAL STATION "O", ST. LAURENT, QUE.

Motion No. 75—**Mr. Rouleau:**

For a copy of all correspondence since March 31, 1958, exchanged between the federal government and the mayor of St. Laurent, Mr. Maurice Cousineau, requesting that postal station "O" located in St. Laurent be named St. Laurent post office.

Motion agreed to.

INCOME TAX CHANGES RESPECTING MEDICAL STUDENTS

Motion No. 76—**Mr. Fisher:**

For a copy of correspondence, briefs, and other written material exchanged between the federal government and the Canadian association of medical students and internes, the Canadian medical association or the deans of any faculties of medicine in Canada on the subject of changes in the Income Tax Act to affect medical students, since January 1, 1958.

Motion agreed to.

PILOTAGE SERVICE, GREAT LAKES

Motion No. 77—**Mr. Fisher:**

For a copy of all correspondence exchanged between the federal government and any persons, associations or groups, regarding the establishment of a pilotage service under the Department of Transport on the great lakes, since January 1, 1959.

Motion agreed to.

LAKEHEAD HARBOUR COMMISSION APPOINTMENTS

Motion No. 78—**Mr. Fisher:**

For a copy of all correspondence since August 1, 1958, exchanged between the federal government and the municipal authorities in Fort William and Port Arthur, Messrs. Milton Vibert, Arthur Widnall, Norman R. Wilson, and Harold G. Blanchard, concerning the appointment or selection of the lakehead harbour commissioners.

Motion agreed to.

C.B.C.—POLITICAL CONVENTION BROADCASTS

Motion No. 80—**Mr. Fisher:**

For a copy of all reports and memoranda prepared by or for the Canadian Broadcasting Corporation and which has been distributed beyond the Canadian Broadcasting Corporation administration, on any aspects of the Progressive Conservative convention of 1956, and the Liberal convention of 1958.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the first part of this motion cannot be accepted by the government in its present wording because it calls for memoranda prepared by or for the Canadian Broadcasting Corporation, which would be in the nature of intradepartmental communications and would be privileged. That is not of so much importance as the second part, which refers to memoranda which have been distributed beyond the Canadian Broadcasting Corporation. This has reference to matters that occurred three or four years ago, and if there were any such documents I do not think anyone in the world could tell today where they might have drifted to in the meantime. I suggest that this is not a request that should be made to the government and that the motion should stand. We cannot accept it in its present wording. I do not know what the hon. member has in mind, but I suggest that he allow it to stand and perhaps he can then limit his motion to such an extent that we can accept it.

Mr. Speaker: Is the hon. member willing to allow the motion to stand?

Mr. Fisher: Yes.

Motion stands.

R.C.M.P. REINFORCEMENTS, NFLD.—PROTESTS OVER FEDERAL ACTION

Motion No. 81—**Mr. Pickersgill:**

For a copy of all communications received by the Minister of Justice, since March 10, 1959, protesting the refusal of the government to reinforce the Royal Canadian Mounted Police in Newfoundland, together with the replies thereto.

Motion agreed to.

R.C.M.P. REINFORCEMENTS, NFLD.—PROTESTS OVER FEDERAL ACTION

Motion No. 82—**Mr. Pickersgill:**

For a copy of all communications received by the Prime Minister, since March 10, 1959, protesting the refusal of the government to reinforce the Royal Canadian Mounted Police in Newfoundland, together with the replies thereto.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Right Hon. J. G. Diefenbaker (Prime Minister): Subject to the usual and customary exceptions.

Mr. Speaker: Subject to the reservation expressed by the Prime Minister—

Mr. Pickersgill: I did not catch what reservation the Prime Minister expressed.

Mr. Speaker: The usual and customary exceptions. Subject to the reservation expressed by the Prime Minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON LEGISLATIVE PROGRAM AFTER EASTER RECESS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether, when parliament reconvenes after the Easter recess, he will indicate to the house at as early a date as possible and in as much detail as possible the legislative program for the rest of the session, and perhaps also its timing. I believe if he could do this it might facilitate and even expedite the business of the session.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I can say at once that anything that will expedite and facilitate the carrying out of the business of the session will receive my immediate approbation, and I shall endeavour forthwith after the Easter recess to place before the house in as complete outline as is then possible the legislative program.

Hon. Lionel Chevrier (Laurier): May I direct a supplementary question to the Minister of Transport. When does the minister intend to bring before the house the resolution to set up the committee on railways and shipping?

Hon. George H. Hees (Minister of Transport): That will be the responsibility of the house leader.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO CALLING OF CONFERENCE ON FISCAL MATTERS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Finance. I wonder whether the minister can bring the house up to date as to what progress his officials and his department are making in bringing the finance ministers of the provinces together in a conference with the minister?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I am happy to report that excellent progress has been made in this direction. Mr. Burns, the director of the federal-provincial relations branch of the Department of Finance, has now visited five of the provincial capitals, four in western Canada and Quebec, and has received full co-operation everywhere he has gone. He will be completing his visits to the other five provincial capitals very soon, and plans can then be definitely concerted for the holding of the meeting of the provincial treasurers and the Minister of Finance.

Inquiries of the Ministry

Mr. Argue: Can the Minister of Finance say whether or not the meeting with the provincial ministers of finance will be somewhat of a preliminary meeting to an eventual summit meeting that will include the Prime Minister and the premiers of the provinces?

Mr. Fleming (Eglinton): That is a matter that remains to be determined. In the meantime this first, important and I think essential step is being taken and good results seem to be indicated.

NATIONAL REVENUE

USE OF NEW ELECTRONIC EQUIPMENT BY DEPARTMENT

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I should like to ask the Minister of National Revenue a question and I hope he will pay me the courtesy of not looking at me with a suspicious eye. A few weeks ago the minister described in the estimates committee a new gadget that his department had recently made available and, as one newspaper columnist put it, "the electronics man will get you if you don't watch out." I should like to ask the minister if this gimmick is now in operation at all border points.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I could never look at the hon. gentleman with a suspicious eye. Even the electronic one to which I referred would, I am sure, gaze upon him with a high degree of kindness. With respect to the machine in question, all the processing is done at headquarters in Ottawa, and the information is sent here from the various ports to be processed.

GRAIN

OATS, BARLEY AND WHEAT—FINAL PAYMENTS ON 1957-58 POOLS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Is he able to inform the house when the final payments will be made on the oats and barley pools for 1957-58? I must apologize to the minister for not giving him notice of my intention to ask this question.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I will be very pleased to answer the hon. member. The barley and oats pools for 1957-58 have been closed out, both in a surplus position, with the amount available for distribution something over $6 million in the barley pool and over $2 million in the oats pool. The oats

pool is in a much better condition than in the preceding year, when there was a deficit of about $2 million. Cheques for both pools will be issued early in April.

Mr. Hazen Argue (Assiniboia): I should like to ask a supplementary question. Can the minister say when the wheat pool account will be closed out, and when final payment will be made?

Mr. Churchill: That will be announced in due course, Mr. Speaker.

(Translation):

FINANCE

REFERENCE TO REPORTED STATEMENT BY PREMIER OF QUEBEC

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I should like to ask the hon. Secretary of State a question. Would he care to comment upon the statement credited to the premier of Quebec, as published in today's *Montréal-Matin*? According to that paper, the provincial premier has stated, with the charm and courtesy for which he is noted, that the system of taxation applied by the federal government constitutes a theft of money that belongs to the provinces.

(Text):

Mr. Speaker: Order.

(Translation):

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, the premier of the province of Quebec never consulted me before making that statement.

(Text):

BUREAU OF STATISTICS FIGURES ON U.S. AND U.K. CAPITAL ENTERING CANADA

On the orders of the day:

Mr. Augustin Brassard (Lapointe): I should like to direct a question to the Minister of Finance. I must apologize for not having been able to give him earlier notice of my intention to ask the question. In view of the fact that the dominion bureau of statistics bulletin of March 24 points out that United States capital in form of portfolio security transactions entering Canada in 1958 increased by 8 per cent while British capital entering Canada during the same year decreased by 70 per cent, will the minister tell the house whether this took place as the result of government policy?

Mr. Speaker: Order. The hon. member is not raising a question of immediacy or urgency. It is a rather broad question which probably would be a suitable subject for a debate.

[*Later:*]

[Mr. Churchill.]

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Following the question asked of the Secretary of State by the hon. member for Dollard, I should like to direct a supplementary question to the Prime Minister. As a result of the serious stand taken by Mr. Duplessis in respect of federal grants, does the Prime Minister not feel that the time has now arrived for a summit conference in Quebec with the premier?

SHIPPING

OPENING OF NORTHEASTERN N.B. PORTS FOR FISHING FLEET

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Transport. Will the minister advise the house what action is being taken by his department to assure the early opening of northeastern New Brunswick ports, particularly Caraquet and Shippegan in Gloucester county, to allow early operation of the fishing fleet?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for Gloucester for his courtesy in advising me of his intention to ask this question. The majority of our fleet of icebreakers are now concentrating in dealing with the extremely heavy ice conditions in the lower St. Lawrence gulf, maritime and Newfoundland areas, where requests for assistance continue to be far in excess of our capacity. We will do everything possible to be of assistance, however, in meeting any request submitted to our marine agents.

AIRPORTS

VANCOUVER—REQUEST FOR SECONDARY AIRPORT OUTSIDE CITY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Transport. I do so, sir, because tomorrow I hope to return to my home city where I have not been since the first week in January, and I know I will be asked a certain question. Will the minister advise the house, and particularly the members from British Columbia, as to the present situation with reference to a secondary airport outside the city of Vancouver? In view of the confusion that has arisen in the past few weeks, could he outline the present situation, what is going to occur and what is being considered; because when I arrive in Vancouver I will be asked this question and I should like to be able to say I got the answer from the minister this afternoon.

Hon. George H. Hees (Minister of Transport): As the hon. member has said, this is a rather complicated question. I discussed it with representatives of the city of Vancouver about two weeks ago when they were down here. The answer required by this question would be too lengthy for the orders of the day, but I shall be glad to discuss the matter with the hon. member if he will come over here and speak to me after the orders of the day are finished.

Mr. Winch: Perhaps it would be preferable for the minister to come over here.

Mr. Hees: I am very glad the hon. member asked that question, because in the truly democratic spirit the representatives of this government always go to the members. However, on this particular day I have not one but two bills coming up, and I am afraid I shall be in my seat until six o'clock.

VANCOUVER—CONTRACTS FOR WORK AT INTERNATIONAL AIRPORT

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): Mr. Speaker, can the Minister of Transport inform the house whether a $1½ million contract has been approved providing immediate work for B.C. Bridge and Dredging Company and Tide Bay Dredging Company, both of Vancouver?

Hon. George H. Hees (Minister of Transport): Yes, that contract was recently passed by treasury board.

ST. LAWRENCE SEAWAY

LACHINE CANAL—FEDERAL ACTION FOLLOWING LAY-OFF OF WORKERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. In view of the strike which workers on the Lachine canal are now contemplating because of the 38 men who are being laid off on March 31, some of them having had 38 years of service, may I ask the minister what steps he or his officials are taking to find comparable jobs for these men?

Hon. George H. Hees (Minister of Transport): I am afraid I cannot add very much to the answer I gave the hon. member for Jacques Cartier-Lasalle when he asked me the almost identical question yesterday. I told him and the house that we are doing everything possible to find jobs for these men through the Department of Transport, the St. Lawrence seaway authority, and the civil service commission. We shall continue to do everything possible to place all these men.

Mr. Chevrier: May I ask a supplementary question. Why are these 38 men being replaced by newcomers who are unknown to the canal workers on the Lachine canal, and many of whom are inexperienced in canal work?

Mr. Hees: I have no knowledge of that situation. I have given instructions to the St. Lawrence seaway authority and to my department, and we are working through the civil service commission to place these men. I do not know of other men being hired. However, because the matter was brought up yesterday I am having it looked into, and everything possible will be done to see that these men get a fair break.

SOULANGES CANAL—FEDERAL ACTION FOLLOWING LAY-OFF OF WORKERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Is the minister aware of the fact that some 132 employees of the Soulanges canal have been laid off as of March 31, many of whom have been in the employ of the department for 25 years and more? Can the minister tell the house for how many of these employees the department has found work?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the hon. member for Laurier, having once been minister of transport, I think knows that in a department the size of the Department of Transport one does not carry figures of that kind in one's head. Therefore it is of course not possible to give the answer offhand. All I can say is that I shall be glad to look it up for the hon. member and to assure him that, as in the case of all other canal employees, we have been trying in every way possible to find other employment for them.

Mr. Chevrier: May I ask a supplementary question. Notwithstanding the fact that the minister has been trying—and I am sure he is doing his best—the point is that few if any of these employees are being taken on. That is the purpose of my question in asking the minister how many of these men, first on the Lachine canal and now on the Soulanges canal, have been taken on.

An hon. Member: He gave the answer.

Mr. Hees: The last time I checked on this matter I was informed that most of the employees who were out of jobs had been found other employment or had found other employment for themselves.

Mr. Chevrier: On a point of order, Mr. Speaker, may I say that that statement is totally inaccurate, because I happen to have—

Mr. Churchill: That is not a point of order.

Mr. Chevrier: I rise on a point of order.

Mr. Speaker: I am sorry, but that is not a point of order. If the hon. member wishes to raise a question of privilege I suppose he may do so.

Mr. Chevrier: I do so, Mr. Speaker; I raise a question of privilege. I say that the statement made by the minister is not accurate. I now make the statement that on the Lachine canal and the Soulanges canal—and particularly the Lachine canal—there are large numbers of people out of work.

Mr. Hees: Mr. Speaker, all I can say is this. As in the case when employees are laid off on the C.N.R. or under any other operation which comes under the jurisdiction of the government, the operation under the jurisdiction of the government does everything possible to find work as soon as possible for the people who are laid off, and they are not laid off unless there is no work for them to do. I make the same answer to the hon. member today. We find work for every single employee for whom we possibly can find work, and we do so as quickly as we can. We cannot do more than that.

Mr. Chevrier: You have not succeeded on those two canals.

Mr. Hees: Perhaps we have not succeeded, Mr. Speaker, but we have done our very best, and nobody can do better than his best.

Mr. Chevrier: I have a supplementary question. Will the minister tell the house when it reconvenes next month what is the number of people for whom jobs have been found on those two canals?

Mr. Hees: I shall be glad to do so. At any time the hon. member for Laurier, the former minister, wants any information I have given it to him, as he knows, either on the floor of the house or privately. I have never held back anything from him or any other member. Since he wants to find out, I will give it to him this afternoon if he wants it.

Mr. Chevrier: I want it.

Mr. Ricard: He wants to make a show.

Mr. Hees: I will give it to the hon. member this afternoon if he wants the information.

Mr. Chevrier: I rise on a question of privilege. The hon. member just said that I wanted to make a show.

Mr. Ricard: That is right.

Mr. Chevrier: Mr. Speaker, the questions I have asked were for the purpose of eliciting the fact that there are at least 200 men being laid off at the end of this month for whom work or jobs have not yet been found. Yet this hon. member says I am trying to make a show.

Mr. Ricard: Yes, that is right. You are trying to make a show.

Mr. Chevrier: Why does the hon. member not do something about it by making representations?

Mr. Speaker: Order.

Mr. Chevrier: The hon. member should be held to account.

Mr. Stinson: Shame.

Mr. Chevrier: I ask the hon. member to come on over here and I will show him when he says "shame".

Mr. Speaker: Order. There is room for only one debate now. I hope hon. members will not get into a private altercation on the last day before the Easter recess.

Mr. Harold Winch (Vancouver East): I would like to direct a question to the Minister of Transport; I think it is a simple one. In view of the lay-offs on certain projects on the Soulanges canal, can the minister explain why men with as much as 35 years of experience are laid off and men without any experience are now being hired?

Mr. Speaker: I think the hon. member will appreciate that this matter has been explored as far as it can be, and the information available to date has been given.

Mr. Winch: No, sir. We have not seen—

Some hon. Members: Order.

Mr. Winch: Is it patronage or is it not?

Mr. Speaker: The hon. member is seeking to give the house information, not asking for it.

CORNWALL CANAL—FEDERAL ACTION FOLLOWING LAY-OFF OF WORKERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I am sorry to annoy the Minister of Transport, but I would like to ask him this question. In view of the fact that there are some 85 men who have been laid off, or will be laid off at the end of this month, on the Cornwall canal, has any attempt been made to place these men on the Iroquois canal?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, we have been trying, as I have said over and over again, to place the men who have been laid off anywhere we possibly can.

(Translation):

SECRETARY OF STATE

AUTHORITY FOR ISSUANCE OF BILINGUAL STAMPS AND DOCUMENTS

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I should like to ask the hon. Secretary of State a question. Last Friday, March 20, I asked him to give the house certain information on bilingual stamps and money. Is he in a position today to answer that question?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, when I looked into this matter I was informed that, because stamps are not negotiable instruments, the matter comes under the Postmaster General.

Mr. Caron: May I ask a supplementary question, Mr. Speaker? Does the same thing apply to bilingual money?

Mr. Courtemanche: I may tell the hon. member for Hull that special legislation in this regard was passed in 1934.

Mr. Caron: Mr. Speaker, the special legislation concerned French money and English money; as for bilingual money, I think the bill was passed in 1937 and—

Mr. Johnson: If you know all about it, why do you ask?

Mr. Pigeon: Yes, if you know, why put questions about it. You are just out to make trouble.

Mr. Caron: I haven't been a minister's secretary, to get information.

Mr. Pigeon: You lack the required ability.

Mr. Caron: I possibly didn't lack the required brains.

Mr. Pigeon: You never had the know-how.

Mr. Johnson: This is just a build-up for his election as mayor.

[*Later:*]

On the orders of the day:

Mr. Alexis Caron (Hull): May I ask a question of the hon. Secretary of State? Could the hon. Secretary of State tell me how it is that the invitations and the program for the commemoration of the tenth anniversary of the North Atlantic Treaty were printed in English only, rather than in both languages?

Hon. Henri Courtemanche (Secretary of State): I shall check on that, Mr. Speaker, and reply to the question later.

Mr. Caron: A supplementary question. I hope it will not be necessary to pass a special bill for that purpose.

An hon. Member: No. It is merely a matter of convincing the Liberals, in the department, to do their job properly.

(Text):

DEFENCE PRODUCTION

GRUMMAN SA-16—INQUIRY AS TO MANUFACTURE IN CANADA

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I have a question for the Minister of Defence Production. Has the Canadian government made any request to manufacture in Canada, under licence, the SA-16 Grumman for the R.C.A.F.?

Hon. Raymond O'Hurley (Minister of Defence Production): In answer to that question I would say that when the government makes a decision on the replacement of the Canso aircraft for rescue work they will certainly take into consideration the advantages and disadvantages of manufacture under licence in Canada.

U.S. NAVY—ALLEGED REFUSAL TO ACCEPT BIDS FROM CANADIAN COMPANIES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Defence Production. Is it a fact that the United States navy will not accept bids from Canadian companies for naval contracts unless these companies are providing such items for the Canadian government?

Hon. Raymond O'Hurley (Minister of Defence Production): In reply I may say that this is news to me. I do not think this report is true, but I shall attempt to have it verified and give the hon. member an answer.

Mr. Chevrier: May I direct a supplementary question to the Minister of Defence Production. Will he produce and table in the house the speech alleged to have been made by the director of the aircraft branch of his department, to which reference was made in *Hansard* of yesterday?

Mr. O'Hurley: I cannot give this information. This was a closed meeting with the association and that information relates to security, so I cannot give it.

Mr. Chevrier: I have a supplementary question. Does the minister feel that he cannot table the speech, notwithstanding the fact that it was substantially reported in the press by a number of papers?

Mr. O'Hurley: There was no speech. It is speculation. There was no speech prepared and given at this meeting.

Inquiries of the Ministry

PROCEDURE FOR OBTAINING CONTRACTS UNDER PRODUCTION SHARING

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Defence Production. Will the minister advise the house what the procedures are for obtaining contracts under production sharing, which his officials outlined to members of the aircraft industry at a meeting on March 23, and to which the minister referred yesterday?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, in reply to the question asked by the hon. member for Laurier in connection with the procedures discussed at this meeting, I said I would restate the policy of the government on every occasion. That policy is to brief companies on how to approach prime contractors of the government of the United States in order to get contracts, and I can say that several companies have been very successful. I will be making a statement in due time about the success we are having. Our department is prepared every day to brief Canadian manufacturers as to where to go in the United States, whom to contact, at what time and on what contracts.

Mr. Chevrier: Is there a special procedure in connection with that statement the minister has made, and if there is would he table it in the house?

Mr. O'Hurley: There is no special procedure, so I have none to table.

TRADE

CANNED APPLES—IMPORTS FROM JAPAN TO B.C.

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Can the Minister of Trade and Commerce inform the house if any canned, solid pack apples have been imported into British Columbia from Japan since January 1, 1958? If so, in what quantities and at what values?

Mr. Speaker: I do not know whether or not the minister carries that information around with him. I suggest the question might better go on the order paper.

Mr. Robichaud: On a point of order, Mr. Speaker, notice of this question has been sent to the minister.

Hon. Gordon Churchill (Minister of Trade and Commerce): The notice was sent to me about half an hour before the house assembled. How the information could be assembled in that time, I do not know. The question is a proper one for the order paper, because it refers to statistics.

[Mr. O'Hurley.]

Mr. Robichaud: On a point of order, Mr. Speaker, notice was sent this morning before lunch.

An hon. Member: What time do you have lunch?

REPORTED DEFICIT FOR FIRST TWO MONTHS OF 1959

On the orders of the day:

Mr. Maurice Bourget (Levis): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Owing to the fact that our external trade deficit for the first two months of 1959 is almost $130 million, which is approximately three times higher than it was last year and the second highest for that two-month period in our history, can the minister tell the house whether he intends to take steps to meet the situation?

Mr. Speaker: I think the hon. member will agree that this question is of the same order as the one asked by the hon. member for Lapointe (Mr. Brassard). It is a general inquiry with regard to a continuing situation, and not suitable to be answered by a short answer on the orders of the day. If he had some specific inquiry about the responsibilities of the Minister of Trade and Commerce I would let it go, but not to invite him to give a general discourse on the balance of trade.

INDIAN AFFAIRS

REFERENCE TO REPORTED STATEMENT BY ONTARIO ATTORNEY GENERAL

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Citizenship and Immigration; I regret not having been able to give her notice. This question arises out of a news item in the *Gazette* this morning to the effect that Attorney General Roberts of Ontario felt there was need for an inquiry to correct the provisions of the Indian Act. I wonder if the attorney general has ever communicated any suggestions for changes to the minister.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The answer is no.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Is it the intention of the government to comply with the request of the attorney general that the federal government set up an inquiry into the situation on the Six Nations reserve?

Mrs. Fairclough: I do not know what the hon. member has in mind. I must also admit that I do not know precisely what the attorney general had in mind.

Mr. Pickersgill: I was wondering that myself.

Mrs. Fairclough: As all hon. members of this house know, there will be a joint committee of both houses of parliament which will meet after the Easter recess. It seems to me that will provide the very best opportunity that the members of the Six Nations could have to present their case to a most sympathetic inquiry board.

LABOUR CONDITIONS

NEWFOUNDLAND—INQUIRY AS TO GOVERNMENT ACTION ON LEGISLATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): In the absence of the Minister of Justice, who has just been called out of the house, I should like to direct a question to the Prime Minister. Can the Prime Minister say whether the controversial Newfoundland legislation is still being studied by the cabinet and whether a decision as to disallowance has yet been made?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the fullest consideration is being given to that problem.

CANADIAN NATIONAL RAILWAYS

HAZELTON, B.C.—STATEMENT ON DERAILMENT

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Skeena inquired about a C.N.R. derailment near Hazelton.

The management of the railway advised me that a freight train was derailed on Saturday, March 21, on the Bulkley subdivision, near Hazelton, because of a rock slide. Unfortunately the engineer was fatally injured. An investigation is under way, but the management point out that it has been established that a rock slide was the cause of the accident.

NATIONAL DEFENCE

REPORTED STATEMENT BY CANADIAN COMMANDER IN EUROPE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of National Defence whether he can comment on a statement reported in today's *Globe and Mail* and attributed to the commander of the Canadian brigade in Europe. The statement to which I refer is, "Our defence plans are based on the nuclear weapon".

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the commander of the brigade in Europe operates under the general term of SACEUR, the commander of the European forces in Europe.

Mr. Pearson: I have a supplementary question. From that statement am I to infer that the decision whether to use or not to use nuclear weapons by the brigade in Europe will be made by SACEUR?

Mr. Pearkes: A statement was made in the house about a month ago by the Prime Minister which explained the arrangements that were being worked out between Canada and the NATO authorities for the use of nuclear weapons by the brigade. I have nothing further to add to that statement.

NORAD—REPORTED U.S. RECOMMENDATIONS FOR CO-ORDINATION OF SYSTEM

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I would like to direct a question to the Minister of National Defence based on a press report in the Ottawa *Journal* of March 23 that a special division of the United States air force is now preparing recommendations for co-ordinating the North American air defence system. Can the minister say if, in view of the fact that NORAD is a joint command, representatives of Canada are taking part in the work of this special division?

Hon. G. R. Pearkes (Minister of National Defence): I have not seen the report, Mr. Speaker, and I would rather not answer the question until I have had an opportunity of studying it.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO ACTION RESPECTING ALLEGED DEFAMATORY STATEMENTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, on Thursday last I asked the Minister of Justice, who I regret to say is not in the house now, what steps the government proposed to take against those persons who had made defamatory and libellous statements about the conduct of the police in Newfoundland. The minister asked me to identify the statements, and I furnished the government with that information yesterday. In the absence of the minister I would now like to ask the Prime Minister what action the government proposes to take to uphold the integrity and defend the good name of the Royal Canadian Mounted Police in Newfoundland.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman, I am sure by misadventure, failed to ask the question while the Minister of Justice was in the house, and I think he will have to allow his desire for information to await the resumption of the session.

Mr. Pickersgill: I would like to ask the Prime Minister a supplementary question. Is the government reluctant to act because they are afraid of incurring the displeasure of Mr. Knowles—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and other politicians now in the labour movement?

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman was at one time over here, and apparently his statement is a reflection of the state of mind he exhibited on so many occasions when he occupied a treasury seat.

Mr. Pickersgill: Mr. Speaker, I wonder if the Prime Minister would now like to answer my question as to whether the failure to act is in order to curry favour with Mr. Knowles and his friends?

Mr. Diefenbaker: Mr. Speaker, I would suggest that my hon. friend get in touch with the hon. gentlemen to his right, with whom in this session there has been a close relationship.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister whether, having regard to the heavy responsibility of his position and the seriousness and developing importance of the international situation in the next few months, he will be in a position to announce before long the appointment of a secretary of state for external affairs?

Right Hon J. G. Diefenbaker (Prime Minister): Mr. Speaker, at the moment I think the answer I gave to the last hon. gentleman, with great respect, applies. When the house resumes the question might be asked again.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

The house resumed, from Tuesday, March 24, consideration in committee of the following resolution—Mr. Hees—Mr. Rea in the chair:

That it is expedient to introduce a measure to direct the board of transport commissioners to require by order the reduction of class and commodity freight rates (other than competitive rates) charged by carriers subject to the order of the board dated November 17, 1958, and to authorize payments to reimburse carriers for the resulting reduction of their revenues up to an aggregate amount of twenty million dollars.

Mr. Chevrier: Mr. Chairman, last evening I had just begun to discuss the merits of this resolution when as the house knows I was unfortunately interrupted by an incident which we have all had occasion to regret. At that time, sir, I was discussing the resolution and its implications in so far as the board of transport commissioners' judgment of November 17, 1958 is concerned. I was about to say that the decision in its recital of the facts, which may be found on pages 5 to 7, indicates that the application made to the board stated that the cost of applying the recommendations of the conciliation board to all railway employees in the two-year period from January 1, 1958 to December 31, 1959 would add to rail expenses for the Canadian National Railways $41.5 million, and for the Canadian Pacific Railway Company $26.5 million. As will be seen from the two statements which are to be found on exhibits 58-17 and 58-27, the burden of the judgment is unequally distributed between the two calendar years 1958 and 1959, being respectively $11.5 million and $30 million for the C.N.R., and $7.1 million and $19.2 million for the C.P.R.

The decision, sir, also indicates that the application stated that in order to enable Canadian National Railways to secure full requitement of the additional labour cost would require a general increase in freight rates of 19 per cent, with 25 cents on coal and coke.

Furthermore, the decision of the board sets forth in clear and unequivocal language the facts that entered into its consideration and contains an excellent review of the contention of the various parties to the application as well as a clear consideration of the law and the method followed by the board in the application of these freight rate hearings. It is sufficient, however, for my purposes at this time to say that the board considered that an increase of 17 per cent with 22 cents on coal and coke would yield revenue approximately equivalent to the amount of the Canadian Pacific's additional labour cost and accordingly authorized such increases in freight rates to be made effective on or after December 1, 1958.

During these hearings both the Canadian National Railways and the Canadian Pacific railway submitted estimates of additional revenues they would respectively receive from the increases they had applied for and these figures will be found on pages 28 and 29

of the judgment. These figures show by implication the difficulties which the railways expect to encounter in applying an increase in rates. Thus, the statement of the Canadian National Railways on page 29 indicates that on traffic moving under competitive rates, for instance, they expect to earn in 1959 revenues of $73.8 million and to receive from a 19 per cent increase additional revenue of $7.011 million, which are equivalent to an average increase of 9.5 per cent; and the Canadian National Railways expect to earn revenues of $175.1 million from all other freight traffic and to receive from a 19 per cent increase on this traffic a further $25.9 million which is equivalent to an average increase of 14.8 per cent.

In the case of the Canadian Pacific Railway the additional revenues from these two classes of traffic are estimated at amounts equivalent to average increases of 9.5 per cent and 15.2 per cent, the difference between the C.P.R. and C.N.R. percentages being attributable no doubt to different operating conditions.

The clear inference to be drawn from these estimates is that the railways believe on a substantial part of the traffic falling into one or other of these two classes it will not be possible to apply the full amount of the increase authorized. All traffic does not move under the same conditions and in some instances because of competition or because of the harsh realities of economics it is just not possible to impose a higher rate and the traffic simply will not stand for it. This is not merely a debating point, it has greater significance than that. It opens up the enormous if not insuperable difficulties of giving effect to the proposal which the minister has brought before the committee.

These are some of the questions that come to my mind: How is this subsidy to be provided for by the government? How will it be allocated? Where is the formula that will be applied in distributing this subsidy? There was no indication of that given by the minister in his statement and I presume we will not receive that, if at all, until we get the bill.

I believe it is of tremendous importance that before the committee moves on this it knows on what basis, on what formula and by what method the board or the government will apply this subsidy of $20 million. That leads me to submit to the minister and to the committee the following examples.

Let us suppose that of the great volume of traffic moving at class and commodity rates there are three items and that the railways believe that on item A the maximum increase they can apply is 5 per cent; that the maximum they can apply on item B is 10 per cent and the maximum on item C is 15 per cent. Are all the rates to be reduced by 5 per cent so that item A will not be increased at all while items B and C will be subject to increases of 5 per cent and 10 per cent, or is there to be a ratable reduction; that is, a reduction of the same percentage applicable to each? For example, will all of these rates be reduced by 40 per cent so that the new reduced rates on items A, B and C would be respectively 3 per cent, 6 per cent and 9 per cent?

The number of items in the freight rate structure, as the minister knows, is very great and it seems logical to anticipate that a percentage reduction would be the simplest solution; in other words, a horizontal reduction of horizontal increases. This brings me to a point that will probably bring memories back to the minister. I remember so well when I was on the other side of the chamber how we were taunted about horizontal increases and how we were told that every time there was an increase in freight rates the effect of that increase was unjust and unfair because of the horizontal increases to which it applied. As I look at this subsidy I can see no remedy that will in any way attenuate the effect of horizontal increases.

I should like to bring to the attention of the committee a statement that was made by the acting Prime Minister on behalf of the government, the Minister of Public Works, in the absence of the Prime Minister, when the decision was taken by the government concerning this matter. Amongst other things, Madam Chairman, the hon. gentleman said:

> It is however recognized by the government that there are serious inequities in the present freight rate structure which have both contributed to, and been aggravated by, the system of horizontal rate increases. The government has already indicated its intention to move toward a solution of these problems.

I submit that this subsidy is not in any way going to reduce the effect of these horizontal increases.

Perhaps at this point I should pause to commend and congratulate the hon. member for York-Humber who is now in the chair. I have been on the point of saying, "Mr. Chairman" once or twice, but on realizing who was in the chair I changed it to "Madam Chairman". This is a unique experience for me which I enjoy and I am sure I bespeak words on behalf of all hon. members, even my hon. friend to my left with whom I perhaps lost my patience a little too quickly this afternoon; on behalf of all of us I extend our congratulations.

I wish now to continue my argument. I am afraid the minister who made the statement to which I have just referred was not aware of the judgment; neither did he read

the judgment of the board of transport commissioners. It runs right in the teeth of the statement he made. I do not think, sir,—

Mr. Hees: Madam.

Mr. Chevrier: Thank you. I do not believe that horizontal increases can be disposed of in their serious implications on freight rates generally by this resolution. Let us see what the board of transport commissioners said about this question at page 14 of the judgment:

> On every application for a general increase in freight rates the matter of a uniform percentage increase has been spoken to by the parties and considered by the board. The most recent expression of the board's views is contained in its 11 per cent judgment, and in the determination of this application for interim relief the board adopts those views, which are set forth as follows:
>
> "The representations which have been made as to increased 'spreads' between long and short haul rates is by no means new. There are many critics who point up the undesirability of horizontal increases, particularly stressing the amounts in cents per one hundred pounds by which such 'spreads' increase, but it has not been shown in what way this feature can be avoided without either placing a higher rate burden on short haul traffic or reducing the earning power of the carriers by granting them rate levels too low to produce the revenue they should be entitled to seek for the service they provide".

Again, in the report of the royal commission which was established on transportation to deal with this matter of freight rates, there is a whole chapter by Mr. Justice Turgeon in which he deals with the effect of horizontal freight rates. On that occasion he made no recommendation in so far as a remedy for those rates was concerned. On the contrary, he stated that the matter was one for the railways and the board to determine.

The question naturally arises as to what the reduction would amount to in relation to the additional revenue which the increases are expected to yield. We know now that certain rates are being excepted; that competitive rates, international rates and import-export rates and the like are not covered in this resolution. But the minister said nothing about agreed charges. What about agreed charges? Are they covered in the subsidy? What about the piggy-back rates? Are they covered in the subsidy? When he rises to reply the minister should tell us because it is a matter of some importance to the house. What about coal and coke? Do they move under commodity rates, or are they excluded? If we assume that coal and coke, which always have been treated separately by the board, are outside the scope of the resolution, what is the amount of increase which would be subject to being affected by the proposed subsidy? To some extent the answer is found on pages 29 and 30 of the judgment which gives the estimated results of this requested increase. From the traffic under the description "all other freight traffic" the C.N.R. expected a 19 per cent increase would yield $25.9 million, while the C.P.R. expected that on its traffic such an increase would yield $20.2 million, or a total of $46.1 million. The board, however, allowed an increase of only 17 per cent. If we assume that a 17 per cent increase would yield 17/19ths of the railways' estimate, we arrive at a figure of $41.2 million as the additional revenue that may be expected from a 17 per cent increase on this traffic.

However, as the minister stated, this resolution will apply in its implications not only to the Canadian National and the Canadian Pacific railways but to other railways. There are other class 1 and class 2 railways to which application of this resolution will be made. Exact figures are not available to me of the dollar volume of this additional traffic, but we may safely assume that the aggregate increase for all carriers would be $41.2 million plus $4.8 million or a total of $46 million. A reduction for the whole of 1959 of $20 million applicable to that total would be equivalent to 43.5 per cent. But there is nothing in the resolution to indicate whether the reduction is to be made as a specific percentage of the increase, such as 43.5 per cent, or as a specific deduction from each rate; that is, 6 per cent or 7 per cent or 8 per cent to be deducted from the 17 per cent or whatever was the actual rate of increase, which would, in my view, be wholly impractical. However, the minister did say that this was the equivalent of a 7 per cent increase. I do not see how the minister is able to make that statement because I here say that the Canadian National and the Canadian Pacific railways themselves are not able to say what increase they will receive in commodity rates, in normal rates, from the 17 per cent order, and if they are not able to say this, how then can the minister say that the reduction will be a 7 per cent decrease?

Some questions come to my mind along these lines. One of them has already been answered by the minister. I was going to ask him how long was this subsidy going to remain in force? He has answered by saying 12 months. What happens after the 12-month period? What will happen in the light of the present application which is now before the board for a 15 per cent increase in freight rates? The minister says that it will be held up pending the determination of the long term policy of the government. Suppose it takes two years before the long term policy of the government is determined. Does that

mean that meanwhile if there is an increase in cost, if there is an increase in the wages of the railway workers, the railways will not be entitled to receive the increase in freight rates because of this? The minister has certainly not cleared this up. I think that is one of the things he must do when he rises to reply because we know that if a royal commission is established, as has been indicated, it may take many months, it may take a year or two years before a recommendation is made upon the terms of reference which will have been given to it. Does this mean that in the meantime those workers who may be entitled to increased wages because of the increased costs will be held up in their demands, or does it mean that the minister will then come along with another such resolution in which he will increase the $20 million by another amount which will look after those increased wages? If that is so, then this is in effect a way a subsidizing of wages.

Another question which arises is the following. We have observed that not all competitive rates will be increased to the full extent authorized by the board. Some of this traffic will stand only a smaller increase, perhaps 10 per cent instead of 17 per cent. In the same way some normal rated traffic may be able to stand an increase of 10 per cent. Let us suppose that such is the case. Is it the government's intention that the traffic moving under the competitive rate shall pay the full increase of 10 per cent, because in the resolution traffic moving under competitive rates is expressly excluded, but the traffic moving under normal rates shall pay only a part of the increase of 10 per cent? Would this not lead in some instances to a further revision of the rates, so that the shipper would qualify for the lower rate, with the government making good the resulting deficiency?

But apart from these questions which arise from an examination of how the proposed subsidy will work out and how it is to be applied, there is a much more important question than that. What problem is solved by this subsidy? Does it solve any problem or is it not merely a complicating factor? Does not the granting of this subsidy merely postpone this very serious and grave issue which is before the government? Does not the granting of this subsidy merely in effect do what the government ought to have done many months ago when the serious railway problem came before it for attention?

So, sir, I have no hesitation in declaring to the house that this resolution is nothing but a stop-gap arrangement. It is nothing more than the kind of solution that the government has applied to all problems. It allows all major problems to develop to a state of crisis before it acts and then it acts by writing out another cheque.

The government has known that it would have to deal with this problem since November of 1957 when the unions representing the non-operating employees of the railways served demands for increased wages, improved fringe benefits and changes in working rules. It may not have known with certainty what amount of money would be ultimately involved when these demands were finally dealt with but the government did know after the award of the conciliation board in September, 1958 how much money would have to be found. However, in characteristic fashion it waited until the last minute before it came to a decision that can only be regarded at best as an interim. I strongly believe that the interim measure will make the problem more difficult to solve and will give rise to innumerable smaller problems.

What is the government's long term policy? I think the minister owes it to the committee to tell us what the government's long term policy is. After all, parliament is being asked to vote a subsidy of $20 million and then, when it suits their convenience, the government will announce their long term policy either in the form of an investigation as I indicated last night or a royal commission. I do not think it is fair to parliament any more than it is to the people of Canada to ask for the passage of this measure without knowing what the intention of the government is. Is it intended to have an investigation into the complex freight rate structure of the country? Is it intended that there shall be a royal commission to consider the whole railway transportation problem of Canada? I believe that these things should be known before the passage of this resolution is approved.

I think we should also be told, as I said earlier, on what basis the $20 million is to be handed out. What will happen to the freight rate structure as a result of the application of the $20 million? All the minister said was that certain rates were excluded but that is not clear enough. I think that those who are particularly interested, the provinces and the railways, will want to know how this formula is to be applied. When the railways themselves have some difficulty even today in arriving at the amount of money which will be derived from the 17 per cent increase, it becomes all the more difficult to ascertain how this formula is to be applied. The minister knows that the railways are having difficulties today in increasing their rates in the light of the 17 per cent judgment. The ceilings go up but the amounts they

are able to charge for traffic is uncertain and very often freight will not move on the increased rate. If the railways are having difficulties in the application of the 17 per cent increase, then a fortiori there will be difficulty unless there is a clear formula in the application of the $20 million reduction.

I think the minister is oversimplifying the situation. I think the minister believes that it is an easy formula and easy to work out. I can tell the minister that when it came to providing a formula for the $7 million bridge subsidy a tremendous amount of thinking went into the matter and the situation then, I submit with deference, was not nearly as serious as it is now. The committee on railways, canals and telegraph lines spent many hours, indeed many days, in trying to iron out a formula. It heard many representations and arrived at a formula on the basis of the trackage, the mileage, and the maintenance of that trackage over the bridge.

How is the formula going to be applied here? There is nothing indicative of that in anything that has been said by the minister so far. So I say that this matter certainly cannot be dealt with on an interim basis but must be carefully studied. The previous administration, which had a great deal of experience in this regard, proceeded by a measure which directed the board of transport commissioners to equalize freight rates and by the appointment of a royal commission to study the whole railway problem. Is the government going to do the same thing? I think the minister should tell us.

While I am on that subject, I should like to say that all of the recommendations made by the royal commission on transportation with regard to freight rates were put into effect by the former government. The minister will recall that when he sat on this side of the house we were condemned by the minister and his friends because of what we were doing at the time. The board of transport commissioners was condemned. It was said that the board of transport commissioners was useless, that its members were not performing their job. As a matter of fact, at one stage there was a motion to reduce the estimates of the board of transport commissioners to $1. That was the extent of the contribution made by some hon. members on the other side of the house at that time, but now when they are in office not only do they not dismiss the members of the board of transport commissioners but they do exactly what was done by their predecessors. They renew the appointments of certain members of the board.

The Deputy Chairman: Order.

[Mr. Chevrier.]

Mr. Chevrier: I just have one sentence before I conclude. In my opinion this measure will not solve the difficult railway and railway freight problem. We on this side of the house are extremely anxious to see the formula which will be applied and under which the board of transport commissioners will operate in distributing the subsidy of $20 million. I hope the minister will be able to let us see the bill after the passage of the resolution so that we can study all its implications.

Mr. Hees: Before the hon. member speaks, may I answer the questions put to me?

Mr. Argue: No. It is the custom of the house to hear a representative from each of the parties. I know the Minister of Transport is most anxious to follow our normal procedure because he is one who takes a great interest in the rules of the house and is always most co-operative on that score. This announcement by the Minister of Transport demonstrates that the government has broken another solemn commitment to the Canadian people, namely to prevent further increases in discriminatory freight rates. The policy of the Conservative party has been made clear in the past. The Prime Minister has made it clear. The Minister of Transport himself has spoken very often on this and other questions. The Prime Minister, in Drumheller, Alberta, on May 18, 1957, had this to say, according to press reports:

> At Drumheller he said there should be equalization of rail rates in Canada "within reasonable limits" to give a shot in the arm to agriculture and industry on the prairies.

The Canadian Press report says:

> On freight rates, he said, that a rate pattern discriminatory to the west has been made worse by recent increases. This had struck "an almost paralyzing blow" to industrial development in the west.

In the *Globe and Mail*, we find this report:

> He said a Conservative government would equalize freight rates as far as possible to help both agriculture and industry on the prairies compete with the rest of Canada.

Before the last general election when the board of transport commissioners had granted a 3.6 per cent increase and the government did not have this tremendous majority, they acted forthrightly, they acted with courage. They said to the board of transport commissioners that this increase would not be allowed. However, in this instance, the government not only failed to prevent an increase in freight rates but through this legislation which is forecast by the resolution and in the words of the minister they are allowing a net increase of 10 per cent even after this $20 million subsidy becomes effective.

We have now had in this country since the end of the war, a long series of increases in freight rates. The total increase to date amounts to 157 per cent. This imposes a great burden upon the remote areas of Canada, particularly the prairie provinces, British Columbia and the maritimes. Even with this legislation, this government is allowing the same practices and the same conditions to prevail as were allowed under the previous administration. We think the government should have taken the same position they took with regard to the 3.6 per cent, namely to have disallowed the 17 per cent. The government was requested to disallow the increase by eight provinces. Seldom on public matters do the provinces of this country speak with the type of unity with which they speak with regard to freight rates. Only two provinces did not join with the others in protesting increases in freight rates. I think the provincial governments of Ontario and Quebec make a mistake in not protesting increases in freight rates. I believe this is particularly true because these rates affect the more remote regions of these provinces.

The Ontario government is apparently quite ready to allow horizontal increases in freight rates to discriminate against the whole of the northern sections of Ontario. I feel the premier of Ontario has been derelict in his duty in not joining with the other eight provinces that have protested the increases in freight rates. There are a number of reasons why I feel the premier of Ontario should join with the other provinces in this regard. The main reason, of course, the economic reason, is that an increase in freight rates damages the economy of northern and northwestern Ontario. The premier of Ontario should show concern when that large section of the province is adversely affected by the actions of this government.

There is another reason why I feel the premier of Ontario should join with the other provinces and that is that perhaps he, above all others, may have some influence on this government. I would hope that in the future he would correct this very serious error and mistake. The board of transport commissioners over the years has allowed a great many increases in freight rates. I have in my hand a list of the various increases in freight rates which have been allowed since the end of the war. The number of increases, although some of them were parts of subsequent total increases, amounts to seven since the end of the war.

In assessing the need for an increase in freight rates, the board has taken the financial position of the Canadian Pacific as a yardstick, that is the net profit position. There has been a consistent and continuing complaint from the eight provinces that on this basis of assessing the freight rate requirements of this country the board of transport commissioners has been in very serious error. The board has failed to take into account the fact that the Canadian Pacific has set aside very large depletion and depreciation reserves which, in the opinion of the eight provinces, are excessive and should not be allowed. The Canadian Pacific is a mammoth organization which operates steamships and hotels and owns the controlling interest in Consolidated Mining and Smelting Company, owns very large tracts of lands and holds the mineral rights on those tracts of land.

A few years ago the Canadian Pacific was showing a substantial profit because of oil revenues and revenues from its mineral rights on the land it holds, so they transferred the land from their general account to a separate account in order to make the Canadian Pacific balance sheet show a smaller profit. The board of transport commissioners by its actions in the past has shown that it is incapable of solving the problem of discriminatory freight rates in this country. We require today, I believe, a firm announcement by the government that there shall be no further horizontal increases in freight rates. The minister has said there will be no increases for a certain period of time until certain studies are made. I do not believe that is an adequate guarantee. We should have a forthright statement from the government that they will not allow further increases in freight rates in this country.

The railway must have sufficient revenue to operate. The workers who are employed by the railway companies should have a wage level in keeping with the workers in comparable occupations in this country. However, there is no reason, in our opinion, why the board should take the Canadian Pacific as the yardstick and grant increases as it has done in the past. There should be no automatic increase in freight rates because of an increase in costs, no matter what those costs may be. In the early years of confederation, it was decided under the national policy that it was necessary to the preservation of Canada as a nation to have a transcontinental railway, and subsequently to have further transcontinental railways.

It was recognized that the railroad was in some instances built through areas that were not productive, when the normal course of the railway might have been to go south of the great lakes through the United States; and some recognition was given to that consideration by the payment of a $7 million subsidy for the so-called bridge. In the opinion of the C.C.F. it is time that we adopted

a national transportation policy. We believe that the government should set up a national transportation authority that would have jurisdiction over all transportation matters coming under the federal government and that its declared policy should be to equalize freight rates and to make them apply equitably in all parts of Canada.

The government is going to have to decide whether or not it will continue the present rule, namely to grant freight rate increases so that the C.P.R. will show extremely large profits, or whether it will take into account the legitimate economic interests of the maritime provinces, western Canada and the remoter sections of the province of Ontario and the province of Quebec.

From the Minister of Transport we have had so far a brief statement. In introducing a measure such as this one which entails the expenditure of $20 million, I would have thought that the minister in charge of it would have given the house the benefit of a comprehensive review of this whole question. The minister has not done that. Although the minister's major statement to the house was relatively short, I doubt that it contained as much pertinent information as the statements he made during the speech delivered last night by the hon. member for Laurier. We seem to have the government policy coming out by dribs and drabs. The Minister of Transport, interrupting the hon. member for Laurier, gave us some important information. He said this as reported at page 2208 of *Hansard*:

> In the meantime the government does not propose to permit any further general increases in railway freight rates.

It would be interesting to know what period this statement covers. Does the government during this parliament intend to prevent further increases in freight rates or does the government merely intend to prevent further increases in freight rates during the next 12 months? What is the government's policy with respect to further increases in freight rates?

Mr. Morris: Would the hon. member permit a question at this point? It is only intended for explanatory purposes and is not antagonistic.

Mr. Argue: Yes.

Mr. Morris: Did I understand the hon. member to say that his group favoured the fixation of the present rates and that no permit ever be granted to raise the rates and at the same time to assure that the railways would continue to operate services of benefit to Canadians and pay what we all hope would be decent living wages to railway employees? I wonder what policy he had in mind. How can he reconcile these two objectives? How can you procure from the railroads this type of service and salaries or wages without providing some method for them to recoup their income?

Mr. Argue: Of course there must be some method. I made the statement—and I think the hon. member was able to grasp it—that there should be no further horizontal freight rate increases in this country, and that there should be no further increases in commodity rates in this country. If it is necessary—and it may well be—from time to time to provide additional revenues to the railways because of increased costs, the necessity of providing additional services or improved services, then those additional costs should come from the national treasury. That is not a new statement. That is not something that is new today. The province of Saskatchewan argued this matter before the board of transport commissioners long before the establishment of the Turgeon royal commission which subsequently reported on February 29, 1951. It is interesting to know that that particular policy which the Saskatchewan government originated and initiated is getting greater and greater support from provincial governments across this country.

Mr. Morris: Will the hon. member permit one further question?

Mr. Argue: Yes.

Mr. Morris: Is the hon. member suggesting that as a form of policy his group would support the endowing of a private corporate carrier, namely the Canadian Pacific Railway Company, out of the national treasury in such circumstances as he sets forth?

Mr. Argue: We do it all the time. This government is doing it now. The hon. member has been asking me questions. I think I have the right to answer his questions. The government is doing it now with $20 million. When the question is put to the house I am certain it will receive a unanimous vote. But we also say that when the government is endowing the C.P.R. with a large part of the $20 million, an entirely different yardstick should be taken in the setting of freight rates. We say that the C.P.R. has been given larger freight rates than are necessary had the board of transport commissioners taken into account the total financial position of this mammoth and sprawling octopus, the Canadian Pacific Railway Company, instead of taking into account merely the freight and railway operations of the company. The C.P.R. is in a wonderful position. The air

transport board, with the government's approval, has given C.P.A.L., a C.P.R. subsidiary a chance to extend their facilities to haul passengers on transcontinental operations. The C.P.R. is in the trucking business in an extensive way. This company is in competition with itself. The more successful the C.P.R. trucking firms become, the higher the freight rates that must be paid by my hon. friend's constituents and the people of the maritime provinces and by the people who live in the western provinces. We say that it is time for a national transportation policy that would prevent further discrimination and further burdens upon the remote areas of this country. Of course that has been the declared policy of the Prime Minister since 1940. But he has made a complete reversal since he has become Prime Minister. Even with the $20 million subsidy the government is allowing a further increase in discriminatory freight rates.

We would be greatly interested in knowing whether we are to have another royal commission to look into the freight rate question. We had the Turgeon royal commission which presented a comprehensive and detailed report. The hon. member for Laurier says that all of the recommendations dealing with equalization have now been implemented. Yet freight rates are more unequal in this country than they were when the report was given to this house. As the years go by, under the corrective policy of the former administration, and under the new freight rate policy in revision, freight rates become higher, discrimination increases, and the burden on the remote sections of this country goes up. We are interested to know whether there is to be another royal commission. The member for Laurier last night said this:

> When I interrupted the minister I gathered from him that it would follow in due course that a statement would be made about the appointment of a royal commission. I did not hear that statement made but I take it that in the course of the debate at a later stage it is the intention of the minister to make that kind of announcement and to state also the terms of reference of the royal commission.

The minister replied as follows:

> I might answer the hon. member for Laurier on that point now, Mr. Chairman. A much larger, long term inquiry is under very active consideration by the government at the present time and I expect that in the very near future the Prime Minister will be making the kind of announcement to which the hon. member has referred.

I ask, is that a royal commission? How can the Prime Minister make the announcement at a later date when the Minister of Transport leaks it to the house in making the announcement that he made last night in advance of the Prime Minister?

I notice that the Minister of Trade and Commerce is in his seat. There has been a great deal of speculation as to what went on in the cabinet circles last fall when they were considering the 17 per cent increase in freight rates and the judgment which had been made by the board of transport commissioners. I have in my hand the *Motor Carrier* for February, 1959, which is a trade publication for truck and bus operators in Alberta, British Columbia, Manitoba and Saskatchewan. It has a very interesting paragraph on page 6 which is headed "Secret Sessions" and reads as follows:

> Behind closed cabinet doors in the east block Diefenbakermen—

Not Conservatives, note; "Diefenbakermen"—

> —Gordon Churchill (Manitoba) and Alvin Hamilton (Saskatchewan), had been fighting for the same remedy but opposed by finance minister Donald Fleming, generally regarded as the mouthpiece of the powerful Tory "eastern group" of finance and investment houses.

There was a tremendous skirmish in the cabinet last fall, according to this report.

> Churchill, supported in spirit at least by Manitoba Prime Minister Duff Roblin—

That is about all the support you would get, I guess, from a Tory colleague, "in spirit"—

> —threatened to resign and then, as all good politicians and party stalwarts must do, subsequently denied such action.
>
> Out of the stormy sessions came the decision to set up a special cabinet study committee under the chairmanship of Hon. A. J. Brooks.

We would like to know if this special cabinet committee has been established. We would appreciate any comments from the Minister of Trade and Commerce as to the important role he played in pressuring his colleagues to act at least in this meager way. But in the light of those statements, I think the statement made by the hon. Minister of Transport last night takes on a great significance when he seemed to fence in his own Prime Minister by announcing to the house the statement which the Prime Minister would make at a later date. People of Canada who are bearing these tremendous burdens of freight rates are fed up to the teeth with royal commissions. We have had royal commissions into freight rates time and time again. We have had royal commissions in other fields. This is becoming a government by royal commission.

Mr. Churchill: What about your provincial government in Saskatchewan?

Mr. Argue: The provincial government in Saskatchewan is doing very well.

Mr. Churchill: You have had royal commissions, though.

Freight Rates

Mr. Argue: We have had royal commissions, as the hon. minister of northern affairs has said, in fields where no other provincial government has acted; so that Saskatchewan has the distinction of having the first reports in this field. But this government says, following the other administration: Me too. This is a hot potato. We are obviously not fulfilling our election promises; we are repudiating them, so we will set up a royal commission. We can hide behind a royal commission for a year or so. When the royal commission brings in its report, we can say it supersedes our definite election promises to the people of this country.

Those Canadians who live in the maritimes and in western Canada, the remote areas of Ontario and Quebec, say that this government has failed to fulfil its election promise to the people of Canada to prevent further increases in discriminatory freight rates. All this legislation does at best is to reduce the very serious effect of this last increase in freight rates. What this government is doing by this legislation is saying, "We shall allow freight rates in this country to be a somewhat greater burden on freight users than the very high freight rates allowed by the previous administration, about which we complained so bitterly." This is a bits-and-pieces government. This government has no policy in this field except to follow the pattern of the previous administration in hiding behind royal commissions, adding discriminatory freight rates to discriminatory freight rates, and failing to enunciate a national transportation policy that would provide equitable freight rates to all parts of this nation.

Mr. Robichaud: Mr. Chairman, the resolution moved last evening by the Minister of Transport concerns very seriously every province of Canada and particularly the Atlantic provinces. This resolution deals with a measure which will result in a reduction of certain class and commodity freight rates other than competitive rates. It also provides for payments to reimburse carriers for the resulting reduction of their revenues up to an aggregate amount of $20 million. The passing of such a measure will undoubtedly reduce substantially the 17 per cent increase which was authorized by the board of transport commissioners' order of November 17, 1958. In fact, it is calculated that the 17 per cent increase authorized by that order will be reduced to approximately 11 per cent, and even to 10 per cent, according to the minister's figures of last evening following the application of the measure now to be introduced.

I would like to deal at this time with the freight rate structure as it applies particularly to the Atlantic provinces. Increases in our Canadian freight rate structure have been numerous and quite substantial, particularly in the postwar period. Every Canadian citizen will recognize the handicap which the Atlantic provinces have to contend with due to difficulties of transportation, partially accounted for by our geographical position with regard to the more heavily populated sections of Canada. In fact, owing to economic, geographic and other disadvantages, the Atlantic provinces are adversely affected by transportation difficulties and are liable to suffer more from any increases which affect tariffs of tolls and rates than any other area of the country. The distance from and the cost of transportation to the great continental market centres has always been a serious handicap to maritime producers. Freight subventions extended under the Maritime Freight Rates Act have tended to offset in part only the disadvantages which affected development of our industries in the maritimes. This transportation problem has in fact been a basic part of the plan for confederation. The railway rate structure determines the distribution of railway costs between several regions and also determines to what degree different industrial and regional groups contribute to the payment of such costs.

The advantage of the Maritime Freight Rates Act enacted in 1927 by a Liberal administration, partially offsetting the disadvantage of maritime producers in relation to the central Canada market, were gradually nullified by further reductions in freight rates made by the railways themselves in central Canada to meet truck competition. It is true that a great deal has been done in recent years to offset the higher cost of marketing the products of the producers of the Atlantic region caused by the long distances between that region and markets in central Canada. This was followed by improved means of communication within the Atlantic region itself. It was agreed, as announced in March of 1957, that a thorough and comprehensive examination of the entire transportation situation in the maritime provinces should be undertaken to determine the possibility of introducing changes which could contribute to the economic welfare of this region.

The Minister of Finance then expressed the government's intention to launch an immediate review of the maritime transportation problem in general in order to put forward as soon as possible proposals to improve the transportation system generally. As a temporary measure to meet the special disadvantages offered by horizontal increases in freight rates, increases which we know have fallen more heavily on outbound traffic from the maritimes, an increase in the subventions paid under the Maritime Freight Rates Act

was authorized in 1957, extending such subventions from the level of 20 per cent to the present level of 30 per cent.

When the 1958 estimates for the Department of Transport were discussed in the house the Minister of Transport was asked by the hon. member for Laurier if the study of the interdepartmental committee on maritime transportation had been completed and if a report on the matter could be expected at an early date. The minister's reply will be found on page 4357 of *Hansard* for August 30, 1958. I quote:

> This whole question is under intensive study at the present time, and we expect to have a report on it by the end of the year.

The end of the year has passed and we are still waiting. The freight rate boosts have moved so fast in the last decade, as was mentioned today, that we have had seven increases in the past eight years. They have increased by 154 per cent and a further request for another 12 to 15 per cent increase is now before the board of transport commissioners. The result of these increases has been a reduction in the value of the Maritime Freight Rates Act. We were pleased to hear from the minister his statement that no further increases are contemplated for the next 12 months. The reductions asked for in the measure to be introduced by the government and presently under debate will be of extremely limited advantage to the Atlantic provinces.

The terms of confederation clearly established that the maritimes should have cheap access to the markets of central Canada. The present Maritime Freight Rates Act as it now applies barely cushions the full impact of the climbing freight rates over the last 10 or 12 years. The present railway charges have a tendency to accentuate the decline of manufacturing in the Atlantic provinces and in other outlying parts of Canada. This policy is clearly reflected by the tendency of our Canadian industries to concentrate their operations right in the middle of the market or at the nearest possible distribution point.

The people of the maritimes have become more and more aware that what is needed today is the bold, comprehensive and coordinated approach to our transportation problem which was so clearly indicated in the Gordon commission report. The narrowing of such differences and disadvantages by effective changes in the horizontal per ton mile policy of rate increases will substantially help the maritimes to improve the present climate for industrial development. The plea of the maritimes is based on a confederation commitment which involves the importance of our access to central Canadian markets which access is deteriorating due mainly to the increased cost of transportation together with the contraction of foreign markets particularly as these questions affect our lumber industry.

I should like to quote one paragraph of the report of the Turgeon commission which dealt with transportation. At page 27 in the third paragraph outlining alleged disadvantages, we read:

> The maritime provinces state that when compared to central Canada their economy is found to be deteriorating and that this trend is influenced by the increased cost of transportation to central Canada and by the contraction of foreign markets; for example the loss of markets for apples, lumber and pit props in the United Kingdom, and potatoes in the United States.
>
> The case of the maritimes may be summarized: At confederation they were promised access to the central Canadian market. Today, in view of the deterioration in foreign trade, particularly because of monetary and commercial restrictions, access to the central Canadian market has become more important than ever. Isolation of the maritimes from the central Canadian area as a result of distance and of increased freight charges is one of the central themes put forward in their case. A witness for the transportation commission of the maritime board of trade, when asked whether or not the maritimes were willing to accept their disadvantages provided they retained their advantages, replied:
>
> "The national background in connection with our intercolonial railway was to afford persons and industries to get into the markets of central Canada. That is the basic principle."
>
> The Maritime Freight Rates Act is regarded as the instrument intended to facilitate access to the central Canadian markets. It was suggested by the same witness that this instrument is losing its effectiveness:
>
> "The general tenor of the evidence of the maritime approach . . . is that the changes which have taken place since the Maritime Freight Rates Act became effective in 1927 are having the effect of enhancing the difficulty of maritime producers in reaching the highly competitive markets of central Canada in competition with industries located closer to the markets."

The report of this royal commission is perhaps the best document ever prepared on the subject of freight rate problems in the maritimes and other sections of Canada affected by transportation difficulties. Maritime shippers claimed, and rightly so, that recent changes have decreased the advantages which the rates established under the act of 1927 intended to confer on the maritimes. I may not want to go as far as to disapprove of the statutory Crowsnest pass agreement but nevertheless the rest of Canada must be made aware—and this applies particularly to the prairie provinces—that the board of transport commissioners are not now in a position to grant rates which are just and reasonable to the lumber industries because of inequities in the rate structure which are beyond the board's power. This matter was dealt with

thoroughly in the submission of the Canadian lumbermen's association to the cabinet committee on freight rates on January 9 of this year. Without disapproving of the Crowsnest pass agreement, I would suggest however that its application should motivate the government to give further consideration to the added burden which is automatically thrown on other traffic, including lumber.

The Canadian lumbermen's association is rightly concerned about the effect of increased freight rates on lumber which is called upon to bear such a proportion of each mileage rate increase when applied to our eastern Canadian lumber industry.

I am not surprised to see the New Brunswick sawn lumber production decrease from a total of 281 million board feet in 1956 to 244 million in 1957 and to 198 million in 1958, a reduction of approximately 30 per cent in the period of the last three years. I am not surprised also that our lumber dealers are under the impression that the lumber rates are being called upon more and more to subsidize the statutory grain rates. This leads me to remind the government of the events leading to confederation in 1867, and of the responsibilities deriving from this union of the provinces. There must be, however, ways and means of adjusting existing differences without interfering with the present arrangement for the transportation of grain to ports of exit. It must be recognized, however, that lumber provides earnings in excess of the national average, and such finished commodities as veneer and plywood are far beyond the national average rate. Such anomalies should not be allowed in our national transportation system, and adequate measures should be found to correct these irregularities by the application of a long range plan formulated to give equal opportunity and equal justice to all concerned.

In a formal statement issued by the government, following the acceptance of a new freight rate increase in November of last year, it was admitted that there are serious inequities in the present freight rate structure which have both contributed to and been aggravated by the system of horizontal rate increases. The government informed the country that a study was being undertaken at once to work out measures to relieve the inequities in the freight rate structure, including any that may be aggravated by the last increase of 17 per cent. It was made clear that the intention of the government was to provide both an immediate alleviation of discrimination where it exists and a long term solution to the broader problems. Recent events, such as the last increase mentioned, which has been followed by a new demand for a further increase of 14 to 15 per cent will definitely make it difficult for the government to carry on with its "hold-the-line" policy of fighting the wage-price spiral and inflation which we are facing today. Again I want to tell you, Mr. Chairman, that we were pleased to learn from the minister last evening that it is the intention of the government not to allow any further increase, at least for a limited period.

It is true that the approval of the measure to be followed by the present resolution will reduce by approximately one-third the additional burden of the latest freight rate increase. It is also true that the major share of this increase is being paid by the western and the Atlantic provinces, and such boosts place unfair burdens on Canada's outlying regions. Horizontal increases, when applied on a uniform percentage basis, destroy the advantages which the Maritime Freight Rates Act was designed to give to our area. This measure introduced by the government at the present time will do very little to alleviate this situation.

We all remember that one of the main pledges of the Atlantic resolutions which, as I have stated before in this house, is very familiar to government members, was to bring the maritimes a better transportation deal. It has been made clear that 75 per cent of this increase will fall on classes of rates which provide the railways with only 32 per cent of their revenues. In other words, roughly one-third of the railway traffic is being asked today to pay about three-quarters of the revenue which the railways expect to derive from the last rate boost. We in the Atlantic provinces are on the receiving end of this iniquitous additional burden and the pledge of the Atlantic resolutions must be implemented without delay to protect the vital interests of the Atlantic provinces in this matter of transportation.

It has been stated that the role of the railways was to serve the Atlantic interests without prejudicing particular industries and areas. The application of a similar policy resulted in the implementation of the Maritime Freight Rates Act in 1927, but events of the last 10 or 12 years clearly show that the advantages of such an act are being scuttled under the series of rate increases which have reached over 106 per cent since 1949. We want to make it clear that the outlying regions of the country cannot be expected to bear the heaviest share of the burden in serving the national interest, and this applies also to the fight against the present trend of inflation, which is a serious menace to the economy of the country.

We are asking the government for full compensation for the inequalities imposed upon us, and we insist on legislation which

will provide a formula to protect us from the ill effects of future rate increases which are expected to follow.

While we will support the present legislation we reserve the right, however, to regard it as a temporary measure only, which will alleviate in part the discrimination in Canada's freight rate structure. It is only a half way measure which does not provide the full protection promised in the Atlantic resolutions, and is far from reaching this new deal which would give our products easy access to the markets of Canada.

Mr. Bell (Saint John-Albert): Mr. Chairman, I should like to take a minute to indicate my own interest in this resolution, as I am sure all maritime members of parliament would. This is a resolution which I am sure it would be desirable to pass today and also second reading of the bill by agreement so that we could begin the hearings of the—

Mr. Argue: No.

Mr. Bell (Saint John-Albert): —committee as suggested by the minister last night, on Tuesday following our Easter recess. I do want to say—and perhaps I disagree to some extent with the hon. member for Assiniboia in this regard—that we in the maritimes welcome the comprehensive survey which is promised, whether it is a royal commission or not, because our main difficulty, the unsolved problem, is the movement of our industry into the competitive area of central Canada. While we do know that problem, we are not—I think this is agreed to by all—in a position at this time to say what is the actual remedy.

Everyone knows the situation. The hon. member who has just taken his seat has given us the complete story. We all have files and speeches of our own in similar vein. We do know the difficulty. It is one of the problems which looms very great in our eyes, particularly when one considers the optimistic outlook which now exists in the maritimes. Our power situation is much better. Many of our other minor difficulties are being solved but this is our unsolved problem.

We look forward to considering this legislation in committee, which will perhaps be a beginning, and we further welcome the comprehensive survey which has been promised by the Prime Minister and which will be announced shortly.

Mr. Woolliams: Mr. Chairman, in rising to say a few words on this resolution I wish to congratulate the Minister of Transport upon bringing this resolution forward. Speaking as a representative from a rural constituency in Alberta, I can safely say I think I speak for the rest of the farmers from the province of Alberta when I say this resolution will be welcomed because when we listen to the hon. member for Assiniboia speak about the cost-price squeeze it always seems to me and to members on this side that he overlooks one thing. The cost-price squeeze is a matter of labour costs and other costs.

Let us take an example for a few moments some of the things that the farmers in Alberta have to buy. Let us take a 14-foot ordinary combine. In 1953, a combine cost $5,750 while in 1959 the cost is $9,800, an increase of $4,000. Much of the increase reflects increased labour costs as well as increased freight costs. That is just one example and I am going to give a few more. That is why this legislation will be welcomed by the farmers of the province of Alberta.

There is one thing that is overlooked by the hon. member for Assiniboia when he talks about freight rates and this matter is sometimes misunderstood in western Canada. The Crowsnest pass rates have been in existence since 1897 and apply to the shipment of various grains. We have been assured by the Prime Minister and the government that they will remain in existence. I am certain that the farmers of my constituency and elsewhere in the province of Alberta welcome that.

I should like to give a few more examples of increased costs, and increased costs are the reason why if some western farmer were here this afternoon and could speak instead of myself he would support the resolution. Over a period of five years the price of a self-propelled swather, for example, has increased by $200. Tractor prices have increased by $1,700. Prices of disc hauls have gone up $710, and so on. I could give a whole list of farm machinery to show that costs have doubled since 1953.

Much of the increase has been due to increased labour costs. When I listen to the hon. member for Assiniboia, who comes from the same province in which I was raised, I often wonder why he does not tell the full story. We in western Canada know that the 17 per cent increase in freight rates came about because the men of the railways asked for an increase in wages. Now the government is acting to cut the increase to 10 per cent with the result that the men on the railways have got their increase and the farmers of western Canada have the advantage of the $20 million provided in the resolution. That seems to be the whole story.

When the members of the C.C.F. speak either in the province of Saskatchewan or

in this house I always feel that they only tell half the story and leave the other half untold. That is what prompted me to say a few words on behalf of the province of Alberta. I think that the member for Assiniboia, who leads his party in the house, should remember that when his friend Stanley Knowles brings about the marriage of the labour group with his group the farmers are going to take heed and will take into account that the increased freight rate costs were brought about by the demands of labour for more money. When that marriage comes about I am quite certain the C.C.F. will lose their influence in the rural communities of Saskatchewan as well as whatever influence they have in the province of Alberta.

Mr. Regier: Mr. Chairman, I am very pleased to learn that the C.C.F. has influence in rural Alberta. That is the finest news I have heard in the house for some days. I assure the minister that I will not take my allotted time and will leave him enough time to reply, as I know he wishes to do. I wish to endorse the plea that a national transportation policy be established. We are being asked today to provide the railroads of Canada with an amount of $20 million. There are many Canadians who look a bit askance each time the parliament of Canada is asked for what amounts to a handout or subsidy to any one enterprise. Therefore when we are asked to vote $20 million to the railroads of Canada it causes us to consider the terms under which the subsidy will be paid.

I notice that the resolution contains one term, namely that the subsidy will be paid if there is a reduction in certain rates. All the speeches thus far have tended to deal only with the condition of rates. I can defend the policy of the government in handing to the railway companies a fixed sum of money if the railways are offering services to the Canadian public that are not in themselves of a profit-making nature, and I believe that is the main argument underlying the resolution. The people of the far eastern and western provinces are to be given some relief and the taxpayers generally are being asked to share with them the heavy burden of moving goods to and from central Canada.

I think that the resolution will receive the unanimous support of members of the house. However, I should like to see the terms imposed on the railroads take in a few other factors as well. I believe that all Canadians, so far as is reasonably possible, should have available to them the services of Canadian railways. What I have in mind at this time may involve something that would not mean a great net return to the railroad companies. However, in travelling to Toronto from western Ontario recently on the C.P.R. line I was rather impressed by something I observed. The train came to a stop and we were informed that we had arrived at West Toronto. Some miles beyond the train again came to a stop and we were told we had arrived at the suburb station of Parkdale. I looked out the window and saw the C.P.R. station. Then I looked out another window and saw the C.N.R. station. In other words, Parkdale a suburb of Toronto, has two railway stations. Several miles farther on the train finally arrived at the union station.

The point I want to make is that if the people of Canada are going to be asked to subsidize the railroads then as many of them as possible should be given service by the railroad. In metropolitan Toronto there is a reasonable number of railroad stations to serve the suburban areas and the same situation prevails in the suburbs of Montreal. However, hitherto the railroad companies have refused to extend the same service to the suburbs of other metropolitan areas of Canada. I fail to understand why, for example, the municipality of Burnaby from which I come, with a population of 100,000, should continually be denied the service of a railway station. Possibly one reason why the people of Burnaby do not use the railways more than they do is that they always have to go to the heart of the city of Vancouver if they want to do any business with the railways. If the people of Burnaby are going to be taxed in order to provide this subsidy, then I believe that the railway companies should give some consideration to providing our people with as many railway facilities as can be reasonably provided.

I have noted that we are being asked for a subsidy for the operation of railroads and I assume that most of the major railway companies in Canada will be involved. We have the Canadian National railways, Canadian Pacific railway, the Pacific Great Eastern railway, the Northern Alberta railway, and I do not know exactly how many other companies that are going to be involved in this subsidy.

If we are speaking of subsidies, then the people of British Columbia have a claim against the federal treasury. We hope that before the government goes too far in subsidizing the operations of railroads they will remember that they have not yet paid us the customary railroad building subsidy for the extension of the Pacific Great Eastern from Prince George into the Peace river block. If we are speaking of subsidies, let us put first things first, and let us pay off this obligation

which is owing to British Columbia for the building of that railroad extension.

One of the services that we expect the railroad companies to supply to the Canadian people, and for which we are willing to allow subsidies, is what we often call the unprofitable branch line services. We contend, and I think parliament has accepted over the years, that many areas of Canada must be served by railroads, whether or not such service means a net return to the company. It is for that purpose that in the past much money has been voted to the railroads by this house and likely will again in the years to come.

I am not making particular reference at this time to the fairly well populated sections of Alberta that are going to be asked to share in the cost of this subsidy. However, there is a section of Alberta in which the people have been waiting for the services of a railroad for 40 years or more. I regretted very much the other evening that the members from northern Alberta could not seem to make up their minds as to where the proposed new railroad ought to be built. I have no hesitation at all in advocating that this railroad be built up in a northwesterly direction to connect with the Pacific Great Eastern. This would supply much needed rail service to the thousands of people living in the farm communities north of Grimshaw, Alberta.

I do not want to become involved in the argument as to whether the extension should go from Pine Point to Grimshaw or Pine Point to Dawson. This is a matter for others to decide. However, if the farmers around Fort Vermilion, who will have to pay for this subsidy, had this railroad extension they would receive over 30 cents more for each bushel of wheat they had to sell. I do not see why the government should even contemplate the building of a railroad in a southeasterly direction, mostly over rock, when there is southwest of the Great Slave lake, old, settled communities that have waited for so very long for the fulfilment of an obligation assumed by those who encouraged them to settle there many years ago.

I know the minister is anxious to reply, and I have only one other non-profitable service to list. I am going to be very brief. I think all members of this committee would much more gladly allow this subsidy to be paid to the railroad companies of Canada if these companies gave a fair deal to the older, retired pensioners. In this connection, I would specifically refer to the Canadian Pacific railway which, since 1947, has allowed a 45 per cent increase in the pensions of those of its employees who worked and are retired in the United States. However, those who were retired prior to 1953, and who had worked and lived in Canada, have never received any increase at all. It is shameful that so many of these people have to eke out their last days on pensions of $35 and $40 a month.

I have attempted, Mr. Chairman, to list a few of the unprofitable operations that we would like to see the railroads of Canada undertake. If these services were undertaken, that would help to obtain the endorsement of the Canadian taxpayer for the intent of this resolution being implemented. The unprofitable services to which I referred were the suburban areas where newer metropolitan regions are not receiving the services they should be receiving; the retired pensioners of both major railroad companies who are not getting the deal they should, and certainly the people in northwestern Alberta should be told at this time that they are going to be given the blessing of railway service in the not too far distant future.

Mr. Batten: I know the minister is anxious to reply, so I shall not take up very much time in making my few remarks. Earlier in this session, I did make some remarks concerning freight rates in my own province of Newfoundland. Once again I want to indicate our interest in this subject during the discussion of this particular resolution. I think the Canadian people have to face the fact that we do have a problem so far as rail transportation is concerned. We not only have the problem of providing efficient rail service for the Canadian people, but also we have the problem of paying the cost and equating the one to the other.

Over the past few years we have had a number of rather substantial freight rate increases. When these increases are applied horizontally across the board, I think it is easy to understand that those provinces which are to the west and to the east are likely to bear the bigger burden. In my province of Newfoundland, of course, the matter of freight rates is of particular interest. Our main line across the island is operated by the Canadian National and carries a large percentage of the freight which travels from east to west or west to east. Then, too, we have some 1,300 communities situated around the coast of Newfoundland which are serviced by the Canadian National boats, in the main. The result is that any increase in freight rates affects not only those people in Newfoundland who are served by the Canadian National trains but also those who are served by the C.N.R. boats.

If I may digress here for a moment, I should like to say that during the last three or four months we have been fortunate in having the services of the *William Carson* on the Port

aux Basques-North Sydney line. I should like to tell the minister now that, in my view, this operation has been comparatively satisfactory even in one of the worst winters we have had for many years. During the years that I have been a member of the House of Commons I have always received a good deal of correspondence during the early part of December and the latter part of February concerning the backlog of freight for Newfoundland that has piled up at North Sydney. Since the *William Carson* went into service last October, I have not had one letter concerning freight that has not reached Newfoundland at the proper time. I believe that the *William Carson*, even during this very hard winter, has given satisfactory service. Later on in the year, when the regular routine is observed again, the *William Carson* will give us good service not only in so far as freight is concerned but also in the transportation of passengers and this will build up our tourist trade.

I do feel that there are many questions in connection with this proposal which need to be answered. I should like to know particularly how this particular subsidy is going to be applied. What will be the formula and how will it affect those provinces which are west of central Canada as well as those which are east of central Canada, particularly my own province which is the farthest east. However, while I do support this resolution, I am going to withhold my questions until the minister presents his bill and we have a better opportunity of understanding what his intentions are in this regard.

Mr. Hees: When the hon. member for Laurier was speaking, he asked three questions that I should like to answer now. First of all he asked how the formula will be applied. Before I say anything on that matter I should like to tell him and the other members of the committee that this plan for alleviating the burden of freight rates, as we are doing, was not worked out in a casual manner whatsoever. A great deal of time and thought were put on it. It is an extremely difficult problem. It was worked on during many meetings by a committee composed of cabinet ministers and officials.

The plan which has been arrived at has the full concurrence of and was worked out by the chief commissioner of the board of transport commissioners and his experts. I have great pleasure in assuring the hon. member for Laurier that I have been assured and the committee was assured that this is a workable plan. Also one of the reasons for referring this bill to the standing committee on railways, canals and telegraph lines is this. If there are technical questions having to do with freight rates and their operation, that committee will afford to all hon. members an ideal opportunity to question officials on the more technical aspects of this bill and how it will operate. However, I think I can generally answer the questions put to me by the hon. member for Laurier by going back over a few of the things I said in my opening statement. With regard to how this formula will be applied, which was the question asked by the hon. member, I said this as reported at page 2207 of *Hansard*:

> As an interim measure designed to alleviate the burden of the authorized increase in rates, the proposed legislation provides for a subsidy of $20 million over a 12-month period, to be paid to the companies that are subject to the board's order No. 96300 as reimbursement for such reductions in rates as they may be directed to make pursuant to this legislation. The companies that are subject to order No. 96300, and thereby come within the scope of this legislation, are principally the Canadian National Railways, the Canadian Pacific Railway Company and its leased lines, and a number of smaller railway companies which are member lines of the railway association of Canada; and the water carriers who participate in joint water-rail, and rail-water-rail routes, that is the Canada Steamship Lines, Northwest Steamship Company and Canadian Pacific Great Lakes Steamships—
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> The legislation provides that the board shall require the companies to reduce their class and commodity rates by such amounts as to effect a reduction in their revenues obtained from this traffic by $20 million during a 12-month period. The exact reduction in rates which will thereby result is a matter which will depend upon traffic volume and not one which the government, by legislation, could fix in advance. I may say, however, that on the basis of the present volume and pattern of traffic it has been estimated that the application of the $20 million subsidy on the basis which I have outlined will permit a reduction of some seven percentage points, thereby making the authorized increase approximately 10 per cent in lieu of 17 per cent.

That is the general pattern of how the reduction will be made. As far as the technical details are concerned, the chief commissioner of the board of transport commissioners has assured me that there will be no problem arising there, and that it could be done with relative ease. If there are other technical questions which the hon. member for Laurier would like to ask with regard to how this will be done, I would suggest that those questions will most easily be answered when the committee meets.

Mr. Chevrier: May I interrupt the minister at this point?

Mr. Hees: Yes.

Mr. Chevrier: The minister said that the reduction would be in the neighbourhood of seven per cent. My question then is this. Will the 17 per cent increase in freight rates be reduced en bloc by seven per cent by the board of transport commissioners?

Mr. Hees: This reduction will apply only to non-competitive class and commodity rates.

Mr. Chevrier: To the extent of seven per cent?

Mr. Hees: To the extent of seven per cent; yes.

Mr. Chevrier: May I ask the minister another question.

Mr. Hees: I should not like to say exactly seven per cent. As I outlined earlier, it will be something in the neighbourhood of seven per cent.

Mr. Chevrier: I am not holding the minister to that answer because I know the matter is a technical one. I also know that it is going to be a little bit more difficult than the minister anticipates, but I do not want to discuss that matter now. The other question I wanted to ask is this. The minister indicated that the board was requiring the companies to reduce their rates. He read from the statement he had made originally. What I should like to know is this. How is the board going to direct the companies to do this? There must be a formula of some kind.

Mr. Hees: The chief commissioner of the board of transport commissioners assured the committee that this would be feasible, that he saw no problem whatsoever. I cannot answer further than that, not being a rate expert myself. However, I am sure that the questions of the hon. member for Laurier will be answered by the chief commissioner when the committee meets; and I hope it will meet soon after the Easter recess.

The second question the hon. member for Laurier asked was to what will this reduction apply? Again I should like to refer to what I said in my opening statement as follows:

> The government has decided that the most effective relief is to be afforded by confining the subsidy to a reduction in the non-competitive class and commodity rates, including the joint rail-water rates which are differentially related to the rail rates. These rates are generally known as "normal" rates, and are the ones which have taken the full percentage increases authorized by the board over many years.
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> This manner of alleviation concentrates the benefits on the long haul traffic where rates have not been kept down by competition. The subsidy will not apply toward a reduction in the other rate categories which I have referred to, whether or not they were authorized to be increased under the board's order.

The third question was this. What will happen at the end of the year? Again I should like to refer to my statement in which I said as follows:

> As hon. members know, the government has indicated its intention of proceeding with a comprehensive inquiry into matters affecting the railways. The proposed legislation therefore limits the assistance to a 12-month period, when it is hoped a report will be available to the government. Consideration will then be given to means of further relieving the unfair discriminatory burden of the freight rate structure . . . In the meantime the government does not propose to permit any further general increases in railway freight rates.

I think that is the fullest answer I can give.

Mr. Chevrier: If I may, I should like to follow that matter up with one or two questions. Suppose the inquiry to which the minister has referred—the over-all survey that is to be made of the freight rate structure—lasts for more than a year or more than 12 months. What will happen in that eventuality?

Mr. Hees: That is a problem which we shall have to face in the months ahead. That will be the responsibility of the government. I can assure the hon. member for Laurier that we accept that responsibility.

Mr. Chevrier: That is not a very satisfactory answer. I am not pressing unduly but I think the experience of the house is that if this is the kind of survey or inquiry which the minister and the acting minister indicated it would be, it cannot be finished in 12 months. I therefore think the house is entitled to know what happens.

Mr. Hees: Mr. Chairman, as I indicated, we hope to have a report by that time. If we do not have a report by that time, then it will be up to the government to decide what course of action it will take. When the freight rate increase went into effect last December we had a number of cabinet meetings and we decided what course of action we would take. We decided that we would take the action outlined in this bill, and as we stated at that time there would be a further long term study made. That is the decision which the cabinet made late last November or December. After the passage of perhaps eight, nine or ten months, as it becomes more apparent what progress the long term inquiry will be making, then the government will have to consider the matter again, and in the light of what has taken place we will make further decisions. Those decisions are our responsibility, and as I told the hon. member we will not shirk that responsibility and I feel sure the government will take the right action.

Mr. Chevrier: The minister said that the reduction would be in the neighbourhood of further applications to the board. There is now one pending in the amount of 15 per cent, if I am correct. If that matter were disposed of before the 12-month period, what would the position be?

Mr. Hees: Mr. Chairman, this bill deals with the next 12 months, and the matter the

hon. member has brought up will be considered and dealt with, just as I stated a few moments ago, after probably eight, nine or ten months have passed and we see what has happened in the meantime and what the circumstances are then. In light of the circumstances existing at that time we will decide once again for the future.

Mr. Chevrier: I hope the hon. minister will not think I am being a nuisance—

Mr. Hees: Not at all.

Mr. Chevrier: —but I would like to get a little more clarification. An application before the board normally does not last 12 months but is disposed of as a rule, in my experience, before that time. Say the application were disposed of in three months from now, what would the position of the government then be on an application which was allowed, say, for a portion of the 15 per cent?

Mr. Hees: Mr. Chairman, I think that is a hypothetical question. I will again remind the hon. member of what I have said regarding this. The proposed legislation limits the assistance to a 12-month period. At the end of the statement I made last night I said that in the meantime the government does not propose to permit any further general increases in railway freight rates. I cannot make that any clearer.

Mr. Chevrier: Will the hon. minister elaborate a bit on what the nature of this proposed long term investigation will be? If I may ask, will it be a royal commission or will it be an investigation? Can the minister give some indication of what its terms of reference will be?

Mr. Hees: As I indicated last night, Mr. Chairman, all of that will be dealt with very fully by the Prime Minister in the near future.

Mr. Chevrier: Can the hon. minister give any indication of when the Prime Minister will make his statement?

Mr. Hees: No, Mr. Chairman, I cannot.

Mr. Winch: Mr. Chairman, there has been some confusion about this matter and I would like to ask the hon. minister if he would give a clearer explanation of the position of an individual province under the terms of the resolution which is now before us. I have in mind, of course, my own province of British Columbia. As the hon. minister knows, over the years now British Columbia has had to spend hundreds of thousands of dollars in research and in presentations before the board because of the position of that province in relation to the freight rate situation. I am sorry, but I am not yet clear what will be the position of British Columbia as far as the present proposition is concerned. Quite honestly, I do not think it will help us any in British Columbia, and I would like to hear from the hon. minister what the position of British Columbia is in relation to the present situation. Also, in this plan of investigation and inquiry, what is the situation as far as representation is concerned by a province from a short range and a long range point of view? But my main question is, what will be the position of British Columbia under the present plan?

Mr. Hees: Mr. Chairman, there is no differentiation in this bill between one province and another. This deals with non-competitive class and commodity rates on freight hauls in no matter which province they happen to be. I cannot tell the hon. member exactly what percentage of the $20 million will go to British Columbia or any other province. Naturally it is impossible for me to tell him that. As far as British Columbia is concerned, British Columbia will be treated equally fairly with all other provinces. There is no inclination to discriminate against any province. This act, as I said in my original statement, is to help those who pay freight rates on the long haul, because they are the ones who suffer most. It is our intention to alleviate the burden of those who suffer most by these freight rates.

Mr. Winch: As far as British Columbia is concerned, I say that the freight rates in British Columbia make that province suffer the most. I remember—

Mr. Hees: Could I say this, Mr. Chairman? If British Columbia is suffering the most, then British Columbia will get the most.

Mr. Winch: I will be very happy to accept what the minister has said, if he would just explain how British Columbia will benefit most under the proposition now before us. I remember very well only a few years ago a former member sitting on the same side of the house, a Liberal, by the name of McGeer, put up a fight on behalf of freight rates as far as British Columbia was concerned. He was the first man who found out that on rail travel from Calgary to Vancouver it was downhill. There was then a change of freight rates. But British Columbia is in a spot. That province spends more money, and it always has, on trying to work out a decent—the Minister of Transport has asked me to call it six o'clock.

Mr. Hees: No, Mr. Chairman, I have not. I was trying to ask in an informal way, it being close to six o'clock if the hon. member

would not let me get the resolution through? If he does not wish me to, then it will go over.

Mr. Winch: Mr. Chairman, freight rates are important to British Columbia. May I call it six o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I have some indication from the hon. member who is leading the house as to what the business will be on Monday, April 6, when we reconvene? I hope the minister will be in a position to give us as much of the business for the succeeding days as possible.

Mr. Churchill: Mr. Speaker, when the house reassembles on Monday, April 6, it will be engaged in private members' bills. On Tuesday, April 7, we will proceed with the resolution standing in the name of the Minister of Transport. The second item of business will be second reading of the act to amend the Canada Shipping Act also standing in the name of the Minister of Transport. The third item will be the resolution standing in the name of the Minister of Finance dealing with amendments to the Federal-Provincial Tax-Sharing Arrangements Act. That is as far as we can forecast the business of the house. I regret I cannot inform the hon. member with regard to the following days.

It being three minutes after six o'clock the house adjourned, without question put, until Monday, April 6, 1959, pursuant to the order of the house passed on March 9, 1959.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

STRONTIUM 90—BONE ANALYSES

Question No. 133—**Mr. Argue:**

1. Is the government making any investigations as to the level of strontium 90, presently being found in the bones of: (a) children; (b) adults; (c) animals?

2. If so, what are the results shown in each case, for each year in which the investigations have been made?

3. What are the supposedly tolerable levels of strontium 90 in each of the above categories?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

	1.	2. Strontium units
(a) Children	Yes	1956—1.5 (average) 1957—1.5
(b) Adults	Yes	1956—0.3 (average) 1957—0.3
(c) Animals	Yes, but not regularly	1956—5.4 (average) 1957— —

3. The maximum permissible level in the human body is 100 micromicrocuries of strontium 90 per gram of calcium (i.e. 100 strontium units) for the whole population. No maximum permissible level has been established for animals.

STRONTIUM 90—ANALYSIS OF WHEAT

Question No. 134—**Mr. Argue:**

1. Has any analysis of wheat grown in Canada for milling purposes been made recently to determine the content of nuclear fall-out produced strontium 90 or other long-lived radioactive isotope?

2. If so: (a) What was the nature of the findings?

(b) How does this compare with the supposed tolerable limit?

(c) Has there been any significant increase in any instance since 1945?

(d) If so, in what respect?

3. If strontium 90 were to be found in wheat, what proportion of this would be found in (a) the flour; (b) the bran, after the milling process?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Not of wheat as such, but of flour which is the chief form in which wheat is used by Canadians. The measurement of strontium 90 in wheat has not been made on a regular basis because it is not considered an important contributor to the strontium 90 content of the Canadian diet. However, wheat has now been added to the national program for the measurement of strontium 90.

2. (a) Spot checks of flour during the past year have shown levels of strontium 90 ranging from 12 to 22 strontium units. (b) They are well below. (c) In 1945 there was no measurable amount of strontium 90. (d) Answered by (a) and (c).

3. About 39 per cent of the calcium in wheat would be found in flour, leaving 61 per cent to be found in the bran, etc. As calcium and strontium are associated in foods it would be expected that strontium would be found in roughly the same proportions.

FERRY SERVICE, P.E.I.—NFLD.—MAINLAND

Question No. 176—**Mr. Broome:**

1. What ferry services are operated between Prince Edward Island and the mainland, and Newfoundland and the mainland, and between which ports do they run?

2. What is their frequency of service in (a) summer; (b) winter?

3. If operated by Canadian National Railways or any government agency, for each service, what was the profit or loss for the years 1955, 1956, 1957 and 1958?

4. If operated by independent companies, what amount of subsidy, if any, was received for the years 1955, 1956, 1957 and 1958?

5. What ferry operations other than above received subsidies in the year 1958, and what amount of subsidy was paid for each operation?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. (a) Borden, P.E.I. and Tormentine, N.B. ferry service (operated by Canadian National Railways). (b) Wood Islands, P.E.I., and Caribou, N.S. ferry service (operated by Northumberland Ferries Limited). (c) North Sydney, N.S.-Port aux Basques, Nfld. ferry service (operated by Canadian National Railways). (d) North Sydney, N.S.-Argentia, Nfld. ferry service (operated by Canadian National Railways).

Operation of M. V. *William Carson* in freight service only. Service terminated in August 1958, upon transfer of ship to North Sydney-Port aux Basques service.

2. Borden, P.E.I. and Tormentine, N.B. ferry service: (a) June 16 to November 15, ten round trips per day. (b) November 16 to June 15, five round trips per day.

Wood Islands, P.E.I. and Caribou, N.S. ferry service: (a) May 1 to June 20 and September 22 to December (close of navigation).—4 trips per day each way. June 21 to September 21—6 trips per day each way. (b) No service during winter period of closed navigation.

North Sydney, N.S.-Port aux Basques, Nfld., ferry service: (a) and (b) The M. V. *William Carson* operates a daily schedule, seven days per week summer and winter. Trips by other vessels are made as required.

North Sydney, N.S.-Argentia, Nfld., ferry service: (a) and (b) This service was not a schedule operation, trips were made as required.

3. Borden, P.E.I.-Tormentine, N.B. ferry service: 1955 loss $1,624,639, 1956 loss $1,804,287, 1957 loss $2,027,639, 1958 loss $1,987,689.

North Sydney, N.S.-Port aux Basques Nfld., ferry service: 1955 loss $3,042,776, 1956 loss $3,325,727, 1957 loss $4,758,057, 1958 loss $4,636,523.

North Sydney, N.S.-Argentia Nfld., ferry service: 1955 loss $364,136, 1956 loss $747,103, 1957 loss $963,618, 1958 loss $610,133.

4. Wood Islands, P.E.I., and Caribou, N.S. ferry service: 1955 subsidy $158,000, 1956 subsidy $163,000, 1957 subsidy $175,000, 1958 subsidy $567,000 (subject to a recapture the amount of which is still to be determined).

5. Baddeck and Iona, N.S., $17,500; Campobello, N.S., and Lubec, Maine, $8,000; Cross Point, Que., and Campbellton, N.B., $50,000; Dalhousie, N.B., and Miguasha, Que., $27,500; Ile-aux Coudres and Les Eboulements, Que., $15,000; Ile-aux-Grues and Montmagny, Que. (summer), $3,300; Ile-aux-Grues and Montmagny, Que. (winter), $1,700; Pelee Island and the mainland, $42,500; Prescott, Ont., and Ogdensburg, N.Y. (net), Nil, (subsidy paid, $15,000; refunded, $15,000); Riviere du Loup and St. Simeon, Que., $21,000; Sorel and Ile St. Ignace, $43,000; Tobermory and South Baymouth, $100,000, (subsidy includes another service between Owen Sound, Manitoulin island and Georgian bay ports).

MOTOR VEHICLES PURCHASED OUTSIDE CANADA

Question No. 210—**Mr. Martin (Essex East):**

Has the government of Canada, through the Department of Defence Production, made any purchases of motor vehicles of any kind from corporations situated outside of Canada?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

Yes. An examination of the contracts placed abroad for motor vehicles during the past few years shows that these vehicles were primarily for use by the armed forces located outside Canada. Such purchases in Western Germany have included buses, light sedans, diesel tractors, and three-quarter-ton trucks; and in France have been largely for trucks. Buses and trucks have been purchased in the United Kingdom for use outside Canada. Motor vehicles purchased abroad for delivery to Canada have been for small quantities of special purpose military vehicles, not available from Canadian production.

NATIONAL FILM BOARD BUILDING, MONTREAL—CHAR SERVICE

Question No. 237—**Mr. Rouleau:**

1. Since the completion of the building occupied by the national film board at St. Laurent, Quebec, what has been the cost of char service?

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2. Is this service supplied by the Department of Public Works?
3. If so, how many employees are engaged in this work?
4. Have any of these employees been laid off since June 10, 1957?
5. If so, how many and for what reason?
6. Have any such employees been hired since June 10, 1957? If so, how many?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Materials and equipment, $7,554.27; salaries, $310,350.00; total, $317,904.27.

2. Yes.

3. 31.

4. Yes.

5. 1 employee released because he could not speak either English or French. 4 employees abandoned their positions. 9 employees resigned. 1 employee rejected because of physical incapacity to perform the duties. 1 employee transferred to Post Office Department. 10 employees were temporarily added to the staff in May, 1957, to do special cleaning work in the processing rooms, and were released as of April 1, 1958, when suspended ceilings were installed and this special labour was no longer required.

6. Yes, 16—relative to the first five groups referred to above.

GRANT TO U.S. RED CROSS

Question No. 277—**Mr. Vivian:**

Would the Secretary of State for External Affairs make a statement on that section of the auditor general's report, presented January 30, 1959, which deals with the $50,000 grant made in late June, 1957, to the American Red Cross Society to help cope with the devastation caused by hurricane Audrey?

Answer by: **Right Hon. J. G. Diefenbaker (Acting Secretary of State for External Affairs):**

In the report of the Auditor General for 1958, two points were raised in connection with the contribution of $50,000 to the American Red Cross for relief to victims of hurricane Audrey. These points were, first, whether the Department of External Affairs was consulted by the Canadian Red Cross society before the grant was announced in the press on July 1, 1957; and, second, whether the grant was made in conformity with the provisions of the relevant vote.

With respect to the first point, I have had the records examined and I find that the department was consulted by the national commissioner of the Canadian Red Cross society on June 29, 1957, and that departmental approval for the proposed grant of $50,000 was communicated to the national commissioner on the same day.

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On the second point, the wording of the vote is as follows:

"To authorize the expenditure for international relief purposes, or other relief purposes authorized by the governor in council, of the unexpended portion of the grant made by the government of Canada to the Canadian national European flood relief fund by vote 572 of the Appropriation Act, No. 2, 1953".

There is nothing in this wording or, indeed, in the correspondence which preceded the establishment of this vote which suggests that it was intended at any time to confine its application to relief purposes in Europe. Indeed, the moneys expended under the vote have, in very large measure, gone for relief in other parts of the world. I am aware, however, that the explanation given to the house on March 22, 1956 by the then minister of finance might have been open to another interpretation.

On the basis of my examination of this matter I am satisfied that the Canadian Red Cross society acted entirely within the terms on which the administration of these funds was entrusted to it. I should perhaps add that these funds derived only partly from the $1 million grant made in 1953 by the government to the Canadian national European flood relief fund.

POSTAL CONTRACT, MARGAREE FORKS-FRIZZLETON, N.S.

Question No. 294—**Mr. McWilliam:**

1. Has a contract been awarded for the conveyance of mail between Margaree Forks and Frizzleton, Nova Scotia?

2. What are the names of those who submitted tenders for this postal service, and amount of each tender?

3. To whom was the contract awarded?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.

2. Joseph Urbain Chiasson, Margaree Forks, $1,385; Fenwick Gordon Hart, Cranton Section, $1,490; Barkes Elan Phillips, Cranton Section, $1,494; Earle C. Ross, Frizzleton, $1,555; John Simon LeBlanc, Margaree Forks, $1,740; Albert Ross, North East Margaree, $1,800; Alphonsus Richard Miller, Margaree Forks, $2,340; John Patrick Murphy, North East Margaree, $2,400; Russell Henry Shaw, Frizzleton, $2,400; John Whelan Tompkins, North East Margaree, $2,800.

3. Joseph Urbain Chiasson, $1,385 per annum.

PUBLIC RELATIONS SUPERINTENDENT, POST OFFICE DEPARTMENT

Question No. 296—**Mr. McWilliam:**

1. Was a public relations superintendent recently appointed for the Post Office Department?

2. If so, is this a newly created position in the Post Office Department?

3. What salary is paid for this position?

4. Was the position filled by civil service competition?

5. If not, what procedure was followed?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes

2. No.

3. $7,140-$8,220.

4. Yes.

5. See answer to No. 4.

HOUSE OF COMMONS

Monday, April 6, 1959

The house met at 2.30 p.m.

PRIVILEGE

MR. PICKERSGILL—REPORTED REMARKS BY MEMBER FOR ST. JOHN'S WEST

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I rise on a question of privilege which it seems to me affects every hon. member of this house. I have in my hands the St. John's *Daily News* for Thursday, March 26, in which, with reference to the announcement made by the Prime Minister regarding the terms of union, the hon. member for St. John's West (Mr. Browne) is quoted as follows:

Mr. Browne was quoted on radio station CJON as saying "There are 22 other members in the cabinet of Canada and I cannot expect to push my opinions down their throats."

Now, sir, it seems to me that in view of—

Mr. Browne (St. John's West): On a point of order, Mr. Speaker—

Mr. Pickersgill: —the well understood doctrine of collective responsibility—

Mr. Browne (St. John's West): On a question of privilege, Mr. Speaker—

Mr. Speaker: Order. I can only hear one member at a time, and I am waiting to hear what the question of privilege is.

Mr. Pickersgill: In view of the well known doctrine of collective responsibility it seems to me that the house is entitled to know from the hon. member for St. John's West, in view of that extraordinary statement, whether in fact he did concur in the decision of the government of Canada to repudiate the solemn obligation under the terms of union.

Some hon. Members: Oh, oh.

Mr. Speaker: I do not want to prevent the hon. member for St. John's West from speaking to the question which has been raised as a question of privilege, but I do not see that it is a question of privilege.

RESEARCH

PROPOSED COMMITTEE TO PROMOTE AND ACCELERATE ACTIVITY

Mr. J. W. Murphy (Lambton West) moved:

That, in the opinion of this house, a special committee, representative of all parties, with power to call witnesses and send for documents and papers, should be appointed for the purpose of examining and reporting upon the advisability of providing inducements to promote and accelerate activities in the field of research.

He said: Mr. Speaker, I am very happy on this occasion to speak on this subject from this side of the house. As you know, this matter has been of great interest for several years, not only to members of the House of Commons, but to the public in general throughout the country, and I am not overlooking those who are interested in science and research, including those in the research council, universities and different engineering and chemical societies. I have urged in the past, Mr. Speaker, that this committee be set up and given the power to call witnesses other than those on the government payroll.

For the record, I might state now that this subject has been discussed on three different occasions, in 1953-54, in 1955 and in 1956. Committees were set up on three different occasions to study the activities of the atomic energy control board and the national research council. But it was the idea of members of our party that in addition to those representing the atomic energy control board and those from the national research council, we should hear evidence from parties such as presidents of universities, the heads of industries, the heads of labour organizations including labour economists and also those such as Dr. Spinks, Dr. Stratford and others who made representations before the Massey commission some years ago.

It was in 1956 that the present Minister of Public Works (Mr. Green) in discussing this subject also asked for an amendment to a motion which was before the house at that time concerning the national research council act. He asked that the motion be amended in order that we could send for persons, unclassified papers and records. That amendment was defeated in the house by a vote of 72 to 127. As a matter of fact all the members of the Conservative party were supported by the other two minority groups, namely the C.C.F. and the Social Credit. We feel that the committee would serve a much better purpose if it were allowed to call these outside witnesses. I think today research is one of the most important aspects of our economic life.

Proposal to Increase Research Activities

I should like now to give the house a definition of research, because it is extremely broad. To me the term "research" is something like the term "time". It is a relevant term. Time may mean a fraction of a second or a millennium. In my opinion—and I think the house will agree with me—the term "research" is equally broad. The Oxford dictionary defines research as the endeavour to discover facts by scientific study of the subjects, which includes innovation, the development of new, better and more efficient ways of doing anything requiring human effort.

This country and the free world today are facing problems that are increasing in their importance, and I refer particularly to inflation. The part I hope to contribute will deal with productivity, in turn relating to research. I have a good example of that, for instance, in my own riding, where we have an extremely high productivity per person. In view of the evidence that has come before our committee on mines, forests and waters, I intend to relate something for the consideration of this house. It is in connection with the development of the Athabasca tar sands, something that was announced just a few weeks ago for the first time in Canada by one of our well-known scientists in that particular department. His name is Dr. Convey, who made a great contribution in that committee.

Before I go into that matter I should like to say that in Britain, as I have emphasized on previous occasions, they have a standing committee known as a parliamentary and scientific committee which deals primarily with questions relating to research in that nation. I am not going to repeat what has been said in previous years about the functions of that committee or what it has accomplished, but it is on record in many magazines which contain scientific data, emphasizing the success of that particular committee in Britain and giving that committee credit for bringing Britain out of the unfortunate situation in which she found herself after the second world war.

In former speeches, which I will read as part of the record, to which I know the advisers of the government have access and no doubt have studied, and will study, various representations were made when we argued on behalf of accelerated research in this country, not only in connection with meeting competition at home, but also to meet competition abroad. We have had illustrations of our accelerated research, as a matter of fact, in the agricultural field, in health and in other fields, and these are very important.

Mr. Speaker, on the question of productivity, which I think is very important, I would now like to refer to a matter which was dealt with by this government just a few days ago when I asked the productivity per person per year in the 20 highest levels in this country. I think this is very pertinent information for this house, because it concerns a very important aspect of our national economy; and as I intend to argue later on, if we are going to beat inflation, which is our main problem in this country and elsewhere in the free world, we must increase productivity.

Before I submit these figures I realize, of course, that industries vary, productivity varies, and we must take all that into consideration. In Sarnia, which is an area which I have the honour to represent, according to the figures tabled by the government our productivity was $1 short of $22,000 per man per year. That is about twice as high as the next city, Beauharnois, which showed $11,000 odd; and the lowest in the 20 was Lachine with $7,153. That is the productivity per man per year. The tabulation also shows the average per capita for one year is $7,000.

I suggest, Mr. Speaker, that one way to overcome inflation, which is the curse of the free world today, is to increase that productivity. I am not suggesting that it can be done overnight, but I am going to say in all sincerity that there is a responsibility on every Canadian and every person in the free world to do their part in increasing that productivity, thus eliminating the curse of inflation. I say without hesitation that if we all put our shoulders to the wheel, whether we belong to a union or are one of the white collar workers, no matter what position we occupy in this country, if we did a little more and probably earned a little more we would put inflation into the background within weeks.

Mr. Speaker, I am going to refer to an advertisement which appeared in a recent issue of the *Saturday Evening Post,* I believe about a week ago, inserted I believe by the Metropolitan Life Insurance Company. This is one of the most important advertisements which I have read, and I am going to outline a few of the ideas contained therein. It says that there is a cure for inflation; that even a little inflation is bad. It goes on to say what the government can do. It can pay its current expenses out of its current income. This calls for discipline and courage in government. The article adds, under the subheading "What we can do to help" the following words:

> We can urge and actively support economies in government—whether federal, state or local. This does not mean endangering national security or affecting vital services, but it does mean helping the government to limit spending to services which are truly necessary.
>
> Cutting government expenditures is a job for everyone, if taxes and our government debt are

to be reduced. Reduction of both is extremely important in our fight against inflation.

Another paragraph reads:

> We can buy prudently. It is always wise to get full value for our money. But, in time of inflation, it is even more important.

But I think the most important part of all is the paragraph which I am now going to read:

> We can give a dollar's worth of value for every dollar we earn. Increased productivity is an effective way to help defeat inflation. Here is what President Eisenhower said about productivity:
>
> " . . . if our efficiency does not increase, if our productivity does not rise, we . . . will tend to fall into the costly error of overpaying ourselves for the work we do. Along that road . . . lies the spur to further inflation."

I should also like to quote an article written by Mr. Solomon Fabricant which I happened to come across a few days ago. The title of the article is "Basic Facts on Productivity Change". It is described as occasional paper No. 63, and it was printed by the National Bureau of Economic Research, Inc., in the United States. I am glad to say we have a representative on that committee. Mr. Fabricant is, I think, one of the best recognized economists in the free world, and here is what he has to say on page 1 of this pamphlet, which was published in 1959:

> Productivity deserves the attention that it has received, for it is a measure of the efficiency with which resources are converted into the commodities and services that men want. Higher productivity is a means to better levels of economic well-being and greater national strength. Higher productivity is a major source of the increment in income over which men bargain and sometimes quarrel. And higher—or lower—productivity affects costs, prices, profits, output, employment and investment, and thus plays a part in business fluctuations, in inflation, and in the rise and decline of industries.
>
> Indeed, in one way or another, productivity enters virtually every broad economic problem, whatever current form or new name the problem takes—industrialization, or research and development, or automation, or tax reform, or cost-price squeeze, or improvement factor, or wage inflation, or foreign dollar shortage.

Productivity, as I think every member of the house would agree, is clearly allied with research, and we have contended in the past it is the responsibility of government to take the lead in accelerating research in this country in order that we may be better equipped to meet competition, particularly from abroad. In addition, as I have already emphasized, it has an important part to play in curbing the inflationary spiral.

I remember asking in the course of one of the speeches I made some years ago whether we were doing enough in the field of research in Canada, and the questions I asked in those days—and they were asked by other members of this party besides myself—are even more important today than they were at that time. In the interval we have witnessed the arrival of the sputnik, a 1957 scientific venture of such importance that I do not think anything has excelled it during the last century.

I should like now to refer to our position in research with respect to what is taking place in our northland, the part of Canada which lies north of the mainland in the Arctic regions. I also intend to refer to the tar sands, because this subject was before the committee to which I have referred, and Dr. Convey made the startling statement that the tar sands in that area, which cover some 17,000 square miles, contain as much as 300 billion barrels of oil.

That is an astronomical figure. It is probably two and one half times the known resources of the remainder of the free world. If we calculate it according to the estimate of one barrel per cubic yard, the figure would be twice as great. In terms of dollars and cents, Mr. Speaker, that is well over $900 billion, if we use the figures of Dr. Convey. This is another figure which is almost beyond the comprehension of the human brain and it is something that we in Canada can be very proud of because we are very fortunate in having so many metals. I submit that now we must find greater use for many of those metals because we are finding, through research, that plastic is taking the place of lead, and so on. We have our gold lying underground instead of being used.

I want to relate what I mentioned a moment ago to the Athabasca tar sands. There have been some eight underground explosions in the United States, and as a result of those explosions it has been decided that the Richfield Oil Corporation, in conjunction with other interests, will make a similar test in Alberta which they expect will be successful. It is claimed by the scientists that they can now separate the sand from the oil which will again, as I say, be a tremendous benefit not only to this country but to the free world.

The point I am coming to, Mr. Speaker, is this. It is proposed that in this—I will not call it an experiment though in a way it is—there will be associated the Department of Mines and Technical Surveys, the Department of National Health and Welfare, Atomic Energy of Canada Limited, the Alberta research council, the Alberta conservation board for gas and oil, the Richfield Oil Corporation and also the United States atomic energy group. I mentioned a moment ago that this technical group includes representatives from the Department of Mines and Technical Surveys, and I believe our atomic energy board will be represented as well.

Proposal to Increase Research Activities

Here we have a huge enterprise far surpassing anyone's imagination, with a potential which may be the greatest asset the free world has ever known and, according to our information at the moment, we in this country are going to rely entirely on United States research methods and application. As you know, Mr. Speaker, the recovery of the oil is to be brought about by exploding small atomic bombs some 1,200 or 2,000 feet below the ground, as the case may be, or some 200 feet below the tar sands. I was hoping to get information before I spoke today as to the number of bombs that would be required. They claim that this is going to be a successful operation. My submission is that we in this country should now accept our responsibilities as one of the foremost members of the commonwealth and establish our own separation plants in Canada for the purpose of doing in Canada the work that was proposed to be done by the atomic energy board of the United States.

You will recall, Mr. Speaker, that it was said in this house some years ago by the then minister of trade and commerce that we could make atomic bombs. We are still interested in using atomic energy for peaceful purposes by making bombs in this country. We now make cobalt and other bombs and we use isotopes for agricultural, medical and other purposes. Because we have probably the second largest known uranium ore bodies in the world—I think South Africa is first; as I recall the figures I think we produce about 30 per cent of the world's total—this project could be undertaken in this country.

It will be an expensive project. I noticed a proposal in the press on Saturday by the present president of Rio Tinto. He is calling for a joint federal-provincial research program of sufficient magnitude to assure Canada's position in the nuclear energy field. He believes that both the federal and provincial governments can count on the assistance of private industry. I assume he is referring to the uranium industry, which is a big industry in this country and still in its infancy. Therefore I suggest to the government in all sincerity that this is a new approach, a Canadian approach, to develop our uranium industry more or less independently of any foreign country but still within the British commonwealth of nations.

I make that suggestion because the development involved would require so many millions of dollars and so much export of plutonium and the other by-products that it would probably necessarily mean an association with the commonwealth, and our best customer which would be the United Kingdom. I see no reason, therefore, why this idea cannot be explored now, not next year, to see whether or not this industry can be developed in Canada in conjunction with the private uranium interests—and their supply is huge—together with the financial assistance and co-operation of the United Kingdom. This may involve the expenditure of $750 million. I am simply drawing this figure out of a hat, but from what I know of the expenditures involved in the United States and elsewhere in developing fissionable products with a separation unit or industry, it would involve probably that amount of money or even more.

I say in all sincerity that we are just at the morning, you might say, of the atomic era. Now is the time for us to accept the challenge. The situation in the world being what it is today, I have no doubt that in this country this industry and this idea will receive favourable support. I am sure the Minister of Trade and Commerce has reviewed this idea personally, and I hope that before too long, before this operation takes place in the Athabasca tar fields, we can have the program under way. We know that uranium will be purchased under an agreement with the United States for some three or four years more, but we should not have this uncertainty in the business field. I think there is some uncertainty, though most of us cannot help but see a great future for the uranium industry in the development of atomic power for peaceful purposes.

Together with the idea of developing atomic energy for peaceful purposes we could have small nuclear power projects for use in this country and also for export. We may also be able to export these fissionable materials to other than commonwealth countries. I want to say here that I regret, as I think most people do, that we are handicapped in our ability to obtain valuable information from the United States because of legislative enactments made some few years ago in that country. As a result primarily of the espionage and spy trials in Canada the United States has not seen its way clear to share much of its information on matters having to do with fission with Great Britain and Canada in particular. I regret this situation, because after all we are in a great partnership, a partnership so important that it must not be allowed to break up; otherwise the security of the free world is in danger.

I have mentioned the oil and tar sands. Canada is engaged in the oil and gas industry, and research is so applicable to that industry. No country in the world today can surpass the reserves of oil and gas that we have. We are in a most enviable position, and I think most members will agree that in the days to come a great deal of our research will be in the petrochemical industry. We in Canada

have a high cost economy, but because a smaller amount of manpower is required in the petrochemical industry we can develop that industry successfully. Its development is only in its infancy. Up to now oil and gas have only been discovered in one part of our country and, unfortunately, not in other parts. Therefore it is going to cost something to transport these products.

So far as oil and gas are concerned, the important thing the government has under consideration at the moment is the setting up of an energy board. This is more important today than it ever was in the history of Canada, because this is the most important industry in Canada today. In the early days we had an agricultural economy, in later days a sharing of the economy by industry, but in the days to come I think our big development will be in the petrochemical field. As I said before, and it is worth repeating, we are in the enviable position of having such huge reserves of oil and gas. One reason there is such high productivity in Sarnia is that it is a petrochemical area. There are other areas in Canada, such as Montreal, which can be equally important because they must get their end products from gasoline or oil as the case may be.

I want to mention here that some time ago a few members of parliament went to Sarnia with me and visited the Polymer Corporation plant and some of the other chemical plants. They were astonished to find that the new Imperial Oil petrochemical plant, which cost approximately $30 million, is operated by eight men on a shift or 24 men to cover three shifts a day. That does not include maintenance men. We did not see any there that day, because it is a new plant and the number of maintenance men will be very few. I mention that as an example of an astonishing development through research, a development that means a great deal to the economy of Canada because we must increase our productivity. Automation has been under way for years. In my view it will be accelerated, because only through such acceleration can we have increased productivity.

There is another point I should like to mention. It concerns our situation in Canada, of having industries whose parent companies are in the United States or Great Britain. During the same tour to which I have referred we also went through the Dow Chemical plant, which cost $75 million to $90 million. The vice president took us on a tour of the plant, and I was very glad to hear him tell the members of the House of Commons who were present that the Dow Chemical plant had more Ph.D.'s than any other industry in Canada. I never realized that before, though I knew they had a large, highly trained technical staff of engineers and others with higher training. To me that meant only one thing; it meant that in Sarnia there was a research laboratory that I had not realized was as important as it is.

That brings me to this point. Since discussions about research and the necessity of accelerated research first started in this country a number of plants have set up research divisions. Incidentally, I had the honour of being present when some of these laboratories were opened. I am only going to mention a few of them. In the last few years research divisions have been opened by Dupont, C.I.L., Shawinigan Chemicals, Polymer, Imperial Oil, Dow Chemical, Consolidated Mining and Smelting, Canadian Chemicals, International Nickel and others. Perhaps some hon. members have read the statement received in the mail this morning from Imperial Oil, or will read the one which I hope will come to hand within a few days from the Polymer Corporation. Former Polymer reports prove conclusively to anyone interested in reading them that the success of that huge crown corporation has been the result of research, and that industry certainly has an excellent research team.

I mentioned a while ago that Dow Chemical was apparently doing more research than I thought was the case. I want to suggest now that many more United States industries with branch plants in Canada could well establish research divisions in this country, staffed with Canadian workers, in the same way Dow Chemical has done. I wish to give some reasons why United States industries could well consider establishing research divisions in this country. In the first place, the cost in Canada is lower. Unfortunately the salaries of Canadian scientists are not as high as the salaries of scientists in the United States, with the result that the cost of research is lower in Canada.

We welcome United States and other foreign capital to this country to aid in our development. We do not have the money to develop our country. We have the resources, and I submit that if United States industries would establish research laboratories in this country, as has been advocated over the years in practically every speech in the house on this subject, it would bring about better relationships.

I know that there are some who think there is too much United States investment in Canada. I do not agree with that view, and I do say that greater participation in research programs by Canadian subsidiaries of United States companies would make for better relationships.

Public relations is a very important aspect of the association of any two countries, and

especially our two countries because of the differences which have arisen as the result of quotas on many of our agricultural products as well as lead and zinc. Lead and zinc are perhaps not so important today as they were some years ago. The demand for copper is growing. Plastics are replacing some of the other base metals, and no doubt research will develop other uses for these products in the future.

There is another reason, and that is this would permit beneficial research work to be carried out in secluded spots. It is not necessary to have a research laboratory located at the back door or front door of an industry. In fact the best work is done by scientists who are remote from the industry. They are not the type of men who are going to punch a time clock. A research division could well be established in this country 500 or 1,000 miles away from the parent industry. This plan would make use of engineers who might be barred, because of quota restrictions, from entering the United States but who could be admitted to Canada.

I feel, therefore, that further representations could be made with a view to encouraging United States industries to set up research divisions in Canada. United States participation in our economic life is here and is here to stay. It is becoming more important every day. In order to make this participation more Canadian, these industries must take part in the fundamental approaches to our problems.

I am going to say now, Mr. Speaker, that since the government has been the major spender of funds in this field more stress should be laid upon research contracts, whether they be with industries or universities. I have maintained in the past that every campus should have a research team. Then those who want to obtain a greater amount of detailed knowledge in any particular field will go to the particular university in Canada specializing in that field. We have not had that situation in Canada, I am sorry to say. This fact was borne out three or four years ago when a team from a well known organization in Britain visited our universities and came to the conclusion that this country needed advancement in that particular field.

I do not believe the government should employ universities to do applied research. If that has been the practice in the past I do hope that in future this field will be left to industry.

I must say here, Mr. Speaker, and I regret not having said it earlier in my remarks, that I should like to pay high tribute to our scientists and engineers in the national research council and in the atomic energy field at Chalk River. I was fortunate enough to be a member of the committee that visited Chalk River and, as a layman, I must say it required hours of intensive study to glean even the faintest idea of the job they were doing. This was one of the most interesting committees of which I have ever been a member. I am hoping, of course, that we will have another one, because it is important that the people of this country know what the government is doing, and know why so much money has to be appropriated for this purpose. As the years go by much more money is going to be required, not only by government but by industry as well to accelerate and promote research in this country.

Mr. Speaker: I am sorry to interrupt the hon. member, but I must advise him that his time has expired.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, it would be much easier to speak to this resolution if it were couched in more specific terms. The resolution reads as follows:

> That, in the opinion of this house, a special committee, representative of all parties, with power to call witnesses and send for documents and papers, should be appointed for the purpose of examining and reporting upon the advisability of providing inducements to promote and accelerate activities in the field of research.

The operational words in this resolution would appear to be "the advisability of providing inducements". Now, so far as the idea of increasing and accelerating research is concerned, I am sure everybody in this house would be entirely in favour of that. If special inducements were required to bring this about then that, too, I am sure would receive hearty support from all sides of this house. Why this committee should need the power to send for documents and papers to achieve this objective is a little beyond my comprehension.

Specifically, the resolution calls for a committee to seek ways and means of increasing our research facilities. As I said, no one could quarrel with that objective, and I am sure every member in every part of this house will support it wholeheartedly. However, this resolution presupposes that we are not now doing as much as we ought, and that point I think is debatable. Research facilities are very costly, and what a country like Canada can afford to provide in that respect is limited by our population and by the financial resources we can allocate to that specific activity.

We must bear in mind, Mr. Speaker, that we have a national research council which has done excellent work and has made a contribution to the world of science of which Canada can very well be proud. We think of the research work that has been done with

respect to the Arctic; the development of Arctic clothing for our troops; buildings for the Arctic. Then there was the atomic reactor at Chalk River which was a pioneer venture in that line, and the cobalt bomb. These are notable contributions which I think stand out all the more as Canadian contributions in view of the limited resources at our disposal.

Then we have the fisheries research board. While this body works very quietly and perhaps does not make the headlines, the fisheries research board is doing commendable work in exploring new types of fishing equipment and in finding ways and means of packaging and processing our fish in order to lower handling costs. In addition we have the Connaught laboratories. In that connection we can take pride in the contribution made through the discovery of insulin and more recently in the development of the Salk vaccine. Over the week end I was told, I do not know how true this is, that there were news reports to the effect that some Canadian scientist had developed a process for separating strontium 90 from calcium. I have not had the opportunity of verifying that report, but if it is a fact then that is a contribution which I believe the whole world will applaud.

I think the future health of our children and the effects of atomic fall-out are subjects which occupy the minds of people living everywhere, in all civilized countries. Then we have some research going on at various universities all across Canada. I think it was at McGill University that Dr. Rutherford first carried out the experiment which laid the foundation of nuclear physics. On top of that we have a fair amount of industrial research being carried out by private enterprise. Hence the amount of research already going on in Canada at the present time is not inconsiderable.

The resolution presupposes that this amount is not enough. Of course if we can find ways and means of improving our research facilities increasing the number of projects or providing new ideas for research, the committee will make a useful contribution. Certainly I cannot see how such a committee can possibly do any harm.

The resolution states that the purpose of the committee would be "to promote and accelerate activities in the field of research". Mr. Speaker, there are many fields of research. I presume that what this resolution means is that the purpose would be to promote research generally. I would prefer that the resolution pinpointed certain projects upon which the committee might concentrate. What I have in mind is research carried out to try to find solutions to our great national problems. At the present time we have several national problems. We have a tremendous wheat surplus. We have a coal surplus in Nova Scotia. That coal cannot be sold economically in competition with coal from other countries. In my own province and along the Atlantic seaboard we have tremendous fish resources which do not yield a profitable return to the producer.

It seems to me that one of the answers to these problems must lie in the development of new products from these sources. If we could only find a way of using half our wheat surplus in order to produce some other product, our agricultural problem would be solved. If we could find ways and means of developing new products from our Nova Scotia coal the problem of the coal mines in Nova Scotia would be solved. If we could develop products such as plastics from our fish products in Newfoundland, our fishing industry would be much better off. If such a committee were set up, Mr. Speaker, I think these are the specific avenues to which I should like to see some attention directed.

The hon. member has laid great stress on productivity as a cure for inflation. I am afraid I cannot agree with him there. We have always increased our productivity, whether little or much; sometimes it has been 2 per cent and sometimes it has been 4 per cent, but an increase in productivity has not had much effect on inflation. Even if we could increase our productivity tenfold, unless the benefit of that productivity was passed along to the consumer I cannot see how it could possibly have any effect at all on the problem of inflation.

I would therefore make this suggestion. Before we set up a committee to seek ways and means of increasing research facilities or of developing some form of inducement—because all this procedure is going to cost money—it might perhaps be wiser if the committee confined its activities to finding ways and means of consolidating and co-ordinating the research facilities we already have. I believe there is room there for thought. In a country like Canada, with such a variety of interests, such a variety of climatic conditions and such a variety of natural resources, it is difficult to co-ordinate research projects and it is quite easy for unnecessary duplication to exist.

I should therefore think that the first duty of this committee would be to assess the facilities that we already have, and to seek ways and means of consolidating them in order to avoid any overlapping. Then if the committee could assure the house that it was practicable to spend a large sum of money on additional facilities, I am sure everyone on this side of the house would be glad to support such an expenditure.

Proposal to Increase Research Activities

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the hon. member for Lambton West has persevered in this general field now for many years. I wish to compliment him and to congratulate him on bringing this general subject before the House of Commons for discussion from time to time. I do not think I have listened to anyone introducing a private member's motion who made a better speech and received less attention in the house than did the hon. member who spoke this afternoon on this subject. A larger number than usual of private conversations were going on. There was a background rumble. Almost nobody seemed to be paying attention to the speech.

Mr. Horner (Acadia): Only half a dozen members are present in the opposition.

Mr. Argue: What I have said is no reflection on my part—on the contrary—on the speech that has been delivered by the hon. member. I think it is the inevitable result of the general attitude of this government toward private members' days and private members' resolutions. We seem to be getting into the position where it is the accepted practice that when a private member's resolution comes before the house, a vote is not taken on the motion. Every devious means under the rules is used to avoid a vote. The private member's motion, though it may be very innocuous and though it may be non-controversial, and as far as anyone reading *Hansard* is concerned everybody may seem to be for it, is either lauded to death by being talked out or somewhere along the line in the proceedings a member, usually on the government side of the house, stands up and adjourns the debate.

Then there seems to be another innovation in this general method of dealing with these motions and it is this. If there is a controversial one—

Mr. Speaker: Order. The hon. member is departing from the subject matter before the house. I think there may be times and occasions when he could make these remarks, but it does not seem to me that he ought to take for that purpose the time that is allotted to this debate.

Mr. Argue: Mr. Speaker, I wanted to make a plea that this motion be voted on. It is of sufficient importance that it should come to a vote. As far as we have been able to learn this afternoon the subject is not a controversial one. I would think no one is opposed to it, so surely this motion we are discussing is the kind of motion on which the government should allow a free vote, as on occasions in the past when we have discussed other private members' motions.

I think it is in order to mention how this particular motion got on the order paper in the first place. Of course the hon. member filed the motion, as dozens of motions have been filed, on the order paper. There was a practice existing for a long time that private members' motions were introduced for discussion according to the time they reached the office or hands of the clerk of the order paper; the motions were taken in the order in which they reached the clerk's hands. With this motion, as with others, in recent times the practice has been to have a kind of grab bag; they all go into the bag and a motion is pulled out. I do not think that is the best method of closing the order in which motions are placed on the order paper. I do not think it is in keeping with the best parliamentary procedure.

Mr. Speaker: I am sorry, but I cannot allow the hon. member to follow that line at this time. His remarks are really dealing with the business of the house, and the order paper is the business of the house. We are now discussing a specific motion.

Mr. Argue: Mr. Speaker, I think it is proper to get on the record the means by which these motions come before the house.

Mr. Speaker: There is a time when everything can be put on the record relevant to the business of the house. The only matter which is relevant now is the motion which the hon. member for Lambton West has moved.

Mr. Argue: Mr. Speaker, I suggest that if the acting leader of the government would be good enough to permit a vote on this motion, when the matter goes to the appropriate committee for discussion one of the question on which a good deal of research might be undertaken is the whole question of how we handle—

Mr. Speaker: Order. The hon. member's speech will shortly be terminated if he does not follow a more relevant course.

Mr. Argue: Mr. Speaker, as to the terms of this motion I had noted some time ago that I was going to challenge the Minister of Trade and Commerce to make the position of the government known, because in his department there is a kind of carryover from the time of Right Hon. C. D. Howe, who was at one time in charge of that department, of many of the questions and many of the general areas of research which have been raised by the hon. member who introduced this motion. I think it would be most enlightening if hon. members could be given the position of the government on this question.

Mr. Speaker, it is all very well for a private member to introduce a motion, and

for one hon. member after another to get up to speak on the subject matter of the motion. But it would be most interesting to hear what the government's view is on the subject raised by this particular motion. Somebody may say to me, "Well, all right; this is a private member's motion and we should not have a statement from the government in the field of research." But I submit that if any private member's motion, and I am talking of this motion in particular, is to serve the purpose set forth in the terms of the motion, it is necessary to hear the position of the government.

Mr. Brooks: Well, let us hear your position. You are supposed to be making a speech on this.

Mr. Argue: You will get my position. I think I have already congratulated the hon. member, if the minister happened to be in his chair at that time, for the great work he has done in this regard. I said that we supported the terms of the motion. I would be very interested to hear from the minister what the government's position is, and I would ask him this question. Is the minister prepared, or is any member of the cabinet this afternoon prepared, to state the position of this government, as to whether or not it favours the establishment of a committee for the purpose of examining and reporting upon the advisability of providing inducements to promote and accelerate activities in the field of research?

Surely the hon. member who introduced the motion has the right to expect a reply from a member of the government. It is one thing for cabinet ministers to talk about the need for general research, but in a debate like this which has been initiated by a member of the Conservative party it would seem that now is the appropriate time to hear from the government what its position is. I see that we now have two cabinet ministers in the house, which is not bad for a private member's motion; I have seen the attendance of the cabinet down to a smaller number than that.

Mr. Speaker, there are a great many areas in which research would be most helpful to this nation. A number of them have already been mentioned. I would suggest that in the field of health there is need for expanding research in the field of cancer. The Minister of National Health and Welfare stated in the house the other day that there is no great effort being made in this field by the government. There is co-operation with the cancer society and some small sums of money are made available, but there is no co-ordinated or substantial research initiated by this government in this field.

The greatest killer of all, we are told, is heart disease. Here is a field in which this government should take the lead; and a lead, I might add, Mr. Speaker, in co-operation with other governments, because the field of health is one which is not confined to the borders of any given country. In the field of health a substantial amount of very valuable work might be done even if this committee never went beyond it. In the United States congress there are representatives who have taken a great interest in establishing international associations to develop research in the field of health. This is certainly something which Canada should promote at every opportunity.

There is great need and opportunity for research in the general field of mental health. For many years in Canada people with mental illness have been confined to mental institutions not much better than our jails. These institutions are merely places of detention, where little care or treatment is given the patients. This attitude toward our mentally ill is changing in our nation. As we approach mental health in a progressive manner a larger and larger percentage of cures is obtained. Here is a field in which research is necessary; it is a field of great opportunity.

Much mention has been made of the need for research in the general scientific field, particularly in regard to the various problems affecting the petrochemical industry in Canada. That is an industry of growing importance. It is an industry with growing problems in which research might be most helpful. There is also the question of how Canada's research in the Arctic region could be increased and expanded. There is a growing body of very disturbing evidence that Canada knows little about its north, that in the field of research in the north Canada is far behind.

As a matter of fact Canada today is to a very large extent dependent for knowledge of its own northland on reports made by scientists of the U.S.S.R. Canada can certainly not be happy in a position such as this, and there is no question but that we should be exploring our own land and developing research in this remaining frontier. From evidence which is already in the hands of the public, and evidence given before a committee of this house during the present session—I understand I may not refer to this evidence and I will not do so in any specific way—it is clear that prominent scientists feel there is a crisis in research as far as the Canadian northland is concerned.

This is a most important motion, because it is so comprehensive and because it deals with the whole field of research in general.

Proposal to Increase Research Activities

The Prime Minister has in the past waxed very eloquent about the need for increased research and the need for more scientists. Now we should like to see something more than eloquence, something more than campaign speeches in this field; and I hope the Minister of Veterans Affairs, who makes such a worthy contribution in his own department and who as a cabinet minister is so highly regarded among hon. members—my deskmate keeps reminding me of the very high regard in which the minister is held, and I share his view—

Mr. Brooks: He has been doing some research.

Mr. Argue: I am very glad to hear that. I am going to ask my deskmate to tell us in what category, as a result of his research, he places the other cabinet ministers, because I understand that he places the Minister of Veterans Affairs very high on the list. I think he could make an interesting contribution to this debate if he would inform us how the other cabinet ministers stack up. But I should like to hear from the Minister of Veterans Affairs and from other senior cabinet ministers what attitude the government takes toward this motion.

There are other areas of research, in addition to those I have just mentioned, which require immediate attention. For instance, I think the committee could do marvellous work in inquiring into what could be done to bring employment opportunities to the half a million Canadians who are unemployed today. Surely this is the kind of emergency proposition which the committee should take into consideration. This is important not only because of its effect on the lives of those Canadians who are unemployed, but because of its bearing on the taxpayers throughout this country who have to find the payments which must be made and need to be made to those who are out of work. Here is an opportunity—and perhaps this is most important of all—to restore the $2,000 million of production which is lost because half a million people are idle. Surely, to add $2,000 million to the gross national product of this country is something which would be worth a great deal of research on the part of such a committee if this motion were allowed to pass.

Then again there is the question of inflation. We are going to hear something about the government's stand on inflation in the budget, in addition to the comments we have heard from the government so far this session. But when we have seen the dollar eroded by 50 per cent in the last generation it is obvious that this is a question which must surely deserve a great deal of research.

Then there is the whole matter of the position of the agricultural industry and the way it has been allowed to lag and fall behind. If I might be allowed, Mr. Speaker, I would suggest that there is another subject of research which this committee might well undertake, namely to inquire whether the technique of deficiency payments is one which is scientifically correct and which should be used to a greater extent than at present—

Mr. Speaker: I admit that the hon. member has used a certain ingenuity in suggesting these various fields of research, but it seems to me that he is taking liberties with the motion.

Mr. Argue: Mr. Speaker, when they ask me back in my constituency, back in Saskatchewan, what the difference is now in the way parliament operates with a reduced opposition, I tell them that in many respects it is very much the same as it has always been; that the most controversial question in the House of Commons is often problems affecting agriculture. So this is a question upon which heated comments are often made. However, you have ruled that this is not a matter for research under the terms of the motion now being discussed, so I will continue—

Mr. Cathers: I hope not for long.

Mr. Argue: What was that?

Mr. Cathers: I hope not for too long.

Mr. Argue: Now, that is a brilliant contribution. The hon. member is improving. I think that is one of the most brilliant statements he has made for some time. He is on the record, anyway, so we have noted his attendance today.

The next item I have in my notes refers to the need for research in the whole field of labour legislation in this country. This is one of the questions which vex our democratic procedure. It is a question to which Canadians all across the country are giving deep thought, and I hope it is a question which the hon. member who introduced this motion would agree is suitable to come within the terms of his proposal, and one which would lead to the betterment of life in this country for all Canadians.

There are many subjects which could be dealt with. One of the questions which such a committee could discuss is how the whole field of research in this country could be co-ordinated so as to improve our standard of living, and so as to retain sovereignty for the Canadian nation. We are all aware—and certainly from reading speeches made by hon. members opposite, supporters of the

government are aware—of the need to guard Canadian sovereignty and the need to go forward with the development of research in the north, in the field of national relations, to ensure that the integrity of the Canadian nation is maintained. Here is a comprehensive sphere in which this committee could do very valuable work.

I have listened on many occasions to the hon. member for Lambton West speak on the need for scientific research, and I know that when he introduces this motion he does so because he believes—and I agree—that he is doing something which is most useful and which is providing a very valuable subject for debate in this house. I hope the members of parliament associated with him, and those in the other parties, will do justice to this motion by allowing it to come to a vote and passing it unanimously, thus demonstrating to the country that parliament is interested in research and that Canada in the days ahead will use research in order to increasingly promote our national well being.

Mr. Alexander Best (Halton): Mr. Speaker, I am very happy to support the resolution of the hon. member for Lambton West (Mr. Murphy). To my mind this is one of the most important resolutions which could be placed before the house. The whole subject with which it deals in rather large and general terms is to my mind again one field which perhaps has more potential for contribution by this government and by the actions of such a committee than almost any other field that we could investigate and embark upon.

Of course, a resolution of this type and nature has been before the house for several years, and I feel that every member in the house must congratulate the hon. member for Lambton West on his interest and tenacity in pursuing this subject. It is one which is perhaps controversial only to a degree; I would say, to the extent one carries out investigations into research itself or the extent of government aid to research. We can see this generally in the speeches that have gone immediately before from the hon. member for Burin-Burgeo (Mr. Carter) and the hon. member for Assiniboia (Mr. Argue). I would just comment, however, that the hon. member for Burin-Burgeo in his remarks, with which I would generally agree, was negative; the tenor of his remarks was negative. He said he could not see how this committee could possibly do any harm. That might be true, but I think it is a rather negative observation on the tremendous need we have in Canada to study and to accelerate this whole process of research.

Proposal to Increase Research Activities

I would also add that several of our present cabinet ministers have spoken on this resolution in the past and supported it actively in the years when they were in opposition. I would strongly urge that action on this committee be taken, and that the government set it up as reasonably soon as possible. There is a counterpart of this committee in Great Britain. There they have a very interesting committee which has had a most useful effect over the last few years. It is called the parliamentary and scientific committee.

The first one was founded in 1939 and it included members of all parties of the House of Commons of Great Britain. It replaced at that time the former parliamentary science committee. The present committee in Great Britain is one of a number of informal parliamentary groups. Incidentally, membership is open to members of parliament and to nominated representatives from various other institutions such as universities and other non-profit institutions. This standing committee, acting as it does on a regular basis, provides an interchange of most important information, a constant interchange of information between those trained scientists and the members of parliament, or those people, in other words, who are legislating upon matters which must inevitably affect the growth of scientific progress in any country.

This is something which I believe is called for here, although the structure of our committee might be somewhat different. It is something that we very much need in Canada and it is something which this resolution calls for. I think the need for research in Canada is unquestioned. We have a history of research going back many years, but it has been the experience of all countries of the world that almost inevitably governments, either federal or provincial, as we have them in Canada, have had an ever increasing part to play in the fostering and advancing of research.

In the general sense of scientific and fundamental social research it has been the feeling that these are fields which it has not appeared wise to leave entirely to industry or to universities. They are fields which need some co-ordination in research and in many instances it comes down to matters of finance from governments. I think this is particularly true in Canada today. We are a small nation of some 17 million people; we are a trading nation, tremendously dependent upon export and we are a nation facing the problem, as the hon. member for Lambton West mentioned, of productivity and ever-increasing costs and the problems of competition,

competition within North America and competition all around the world.

This puts a premium on research in Canada. We do not have the great internal markets which many nations such as the United States, for instance, have, and which cushion them somewhat against costs. All of which creates a need for greater ingenuity with which to produce industrial products. This, of course, is just one aspect, the economic aspect, of fundamental research and applied research, and the effect which it must have on each and every one of us in the products we buy and their relative costs. Because of the position in which we now find ourselves Canada should probably be in the very forefront of research expenditure on a per capita basis. Probably there should be a premium placed on our ability in Canada today to use our ingenuity, our research establishments and our brain power to make up for the problems we have in a widely scattered population and the heavy costs which they generally incur.

We have as well the tremendous defence problems with which the free world and we in North America are faced. These problems of defence are dependent, of course, partially upon scientific research. We have our own defence research board, of course. This is a fundamental problem and one which is typical today. We have seen, of course, in the last two or three years particularly, that defence can shade almost imperceptibly into economic defence as well. In other words, defence research may be connected partially with producing products in a more imaginative fashion and at lower costs to compete in the economic structure which we are facing more and more in this world and which is allied to our military defence problem. The threats that we have been facing from Russia are a culmination of those two facts, with the problem of economic defence or offence thereby causing our research interests to come to the forefront more and more in the last two or three years.

This committee would be a tremendously important thing in Canada. It could gather together from all across our land leaders in the scientific world, leaders in industrial research, people from various government departments, many of whom are now engaged in fundamental and applied research and, I think perhaps most important of all, leaders from our universities across Canada, those institutions which to my mind must be the bulwark and the foundation of fundamental research in this country.

We have faced in Canada this growing need for additional research and we have been feeling our way, so to speak, into the interrelationship between the various parties involved in this problem. By "interrelationship", of course, I mean our federal and provincial governments, our various educational institutions, our industries and other groups of that nature. I should like to treat this interrelationship as a part of the problem which this committee, if set up, would study, because while I feel that financial aid is, of course, a most important necessity on the part of the federal government, I think that can only be carried out as a result of concurrent studies of the interrelationship of our various research organizations. They are complex. They have grown gradually as is natural with a small country, but they have now increased to a fair size and complexity and perhaps there are changes to be made which might be of great advantage.

Before the first world war Canada was engaged in a very moderate amount of research in various places. We were then and are still to a certain extent a country of tremendous natural resources and the problems then were more those involving engineering advances, transportation, power and utilities. The focus was more on moulding our vast raw resources into a coherent whole which could make this country function as a unit. We are still, of course, particularly in view of our emphasis on our north country, faced with the problem of the heavy structural integration of Canada as a whole.

The first world war brought up a number of interesting matters and one might say that it more or less started the Canadian government on the road to its role in research. This came about in 1916, I believe, when the Canadian government and the government of Great Britain, incidentally, set up very similar groups to study research in their respective countries. At that time the Canadian government created a cabinet committee of six ministers and on their recommendation an honorary advisory council for scientific and industrial research was established. From that we have seen the rise of the present national research council.

The background of development in Great Britain is rather interesting. It came about partially because of the tremendous industrial surge of Germany, the government of that country having taken a very active part in fostering research before the first world war. In Great Britain this had been done to a limited extent but research had largely been in the field of the various learned societies such as the royal society and the royal institute of London. The German government, however, played a very active part and the results of its active participation in research were reflected in

German industry. We saw there at that time a very rapid technological build-up.

Partly as a result of this there was considerable stimulus in Great Britain and Canada toward the formation of a committee which would involve the government more in productive research. The setting up of the national research council after that time grew out of the cabinet committee and in 1928 the government started the erection of a national research council laboratory which was opened in 1932.

In the following years until 1939 or 1940, research activity on the part of the government grew slowly but at the time of the second world war there was a tremendous expansion in this field. Throughout the second world war various laboratories across the country, including several here in Ottawa, were engaged in defence research. This was still within the scope of the national research council and the effort during those war years was naturally of a more applied nature having in mind technological advances, the solving of various problems and successes which could contribute directly to our war effort. Some of the matters one might mention which were the subject of research were various medical fields, radar, biological warfare and so forth. Those are some that come to mind.

However, after the war it became obvious that the defence part should probably have a separate entity, and separate representation. I would say, Mr. Speaker, that the whole structure and interrelationship of the defence research board as it came into being and that of the national research council and other organizations would bear close scrutiny by such a committee as it is proposed should be established. The encouragement of research by additional funds must be related to the structure and interrelationships of the various bodies now engaged in fundamental research.

The defence research board was created shortly after the second world war and was set up in much the same manner as the national research council, with which I should like to deal again in a few moments. Representatives of each of the armed services are members of the board and at the present time, as well as over the past few years, there is considerable interlocking of membership with the national research council. However, structurally the defence research board is a unit and entity within the Department of National Defence.

The defence research board has made a very considerable contribution to research in this country. It gives grants in aid of research to universities and operates as well an extensive system of laboratories throughout the country. Much of its research, of course, has been devoted to applied work of direct interest to the armed forces. One can think of laboratories such as that at Suffield, Alberta, the northern laboratory at Churchill, Manitoba, the medical laboratory in Toronto and the armament and research development centre at Quebec city as examples of the places at which these activities are carried out. While in the defence research board the emphasis has been on applied research, there has been considerable success as well with fundamental work, some of it carried out at universities.

The national research council was the predecessor of the defence research board, from which the latter split off as a separate group. The national research council consists at the present time of some 21 members, four of whom are paid officials. The remaining 17 are selected from the universities and industry. I would suggest that a number of these people be interviewed by the committee and be asked to present their thoughts on Canadian research because I think that in a general way their experience is probably more widespread in the field of Canadian research than is the case with the members of any other single group.

The president of the national research council presides over the council and is also in charge of the laboratories which the council operates. Three vice-presidents, paid officials of the council, are responsible for administration, medical research and science respectively. The national research council is not a government department but a separate organization which has the responsibility of the operation of its own laboratories and for assistance to scientific and engineering departments of Canadian universities in pursuing research work. The council, as members know, reports to the committee of the cabinet and it is the chairman of this committee, the Minister of Trade and Commerce (Mr. Churchill), who presents the council's budget to parliament.

It might be said that aid from the national research council to universities for research is substantially greater than that from any other Canadian body. These funds for research are devoted to both fundamental and applied research. There are various scientific divisions within the national research council such as applied biology, pure and applied physics, and pure and applied chemistry. Those are some of the divisions that come readily to mind. Laboratories are not operated by the council in the field of medical research. The vice president

in charge of this subject works with universities and other institutions in this particular field. The vice president in charge of medical research also presides over the medical committee which recommends awards and scholarships to be made in the medical field.

There are as well, and I think this is an interesting point, some 28 associate committees of the national research council for the purpose of planning programs of research and education as well as bringing into these committees representatives of the various government departments, universities and industries which are directly involved in research.

Of course, one would be remiss if he did not mention nuclear research in Canada. This, in many of its aspects, is again the outgrowth of work done by the national research council. Atomic Energy of Canada Limited, a crown company, grew out of the work that had been done some 10 years previously in the national research council. This crown company collaborates with industry in the development and use of atomic energy. We have, as well, the atomic energy control board which handles the distribution of radioactive materials in Canada and awards grants in aid for research in this field to various educational institutions.

I should like to go back for a moment, Mr. Speaker, to the question of where we go from here, particularly as that question relates to the national research council. As I said before, I feel that the universities should be the mainstay of fundamental research in Canada. I feel, not being critical of the council as such, that we have a basic problem of organization in that we have a unit which is both running laboratories on its own, with a very considerable staff, which has considerable investment and production interest, and which is also granting funds for similar or different research to other institutions, mainly universities. This dual role is perhaps a difficult one, perhaps an unwise one, for an institution or a council to be undertaking. I would say, however, it was probably a natural procedure. However, the question arises as to whether or not these roles would be better separated in the future.

We have, as an example, in Great Britain, the formation of three councils. These councils are the medical research council of Great Britain; the agricultural research council of Great Britain; and the department of scientific and industrial research, which is actually a government department and takes up, so to speak, the other areas of industrial and technical research, general biological, physical and chemical research. There are, in this way, three divisions and not the one organization as we have at present in the national research council. These three organizations report directly to the cabinet. I think that possibly this is a move which might be studied by this committee, if it were set up. Advice could be sought on this question from the people in industry, from the members of the national research council themselves, from the scientists in various government departments engaged in research as well as from the people in universities who are the recipients of a considerable proportion of the money which the national research council grants each year.

I might add, Mr. Speaker, that the increase in the funds for the national research council has been a very encouraging sign. We can scan the expenditures of the national research council and find that in the year 1952-53, for example, $15,400,000 were expended, and much the same in the following 2 years. Coming along to 1955-56, we find that just over $16 million were expended; 1957-58, $20.2 million. Then we see, in the estimates for 1958-59 and 1959-60 very significant increases. In 1958-59 the figure is $25,992,000, while in 1959-60 the figure is $30,133,000. This is a very rapid rate of increase and is, I believe, an important sign of the increasingly important place given to research in this country. I feel that one of the most important points in this connection is that the larger proportion, perhaps 75 per cent or more, of the budget each year is spent on the council's own laboratories, staff and research work. The remainder is used for grants in aid of research and scholarships to universities.

The amount spent on these grants in aid of research and scholarships has jumped very appreciably in the last two years. We had an item in the estimates last year, 1958-59, of almost $6 million for scholarships and grants in aid of research, while in 1959-60 this item has risen to $7,957,000, an increase of $2 million in that period. This money goes largely to our educational institutions. We do not have in these institutions a separate body of research workers but instead, a constantly growing and self-perpetuating body of graduate students, teachers and others who are encouraging and engaging in research. This is a fundamentally sound point about which the people in the research fields across Canada feel rather strongly. It is unwise to separate, to put a wall around a research institution, aside from certain ones connected with defence work, and lose close communication with educational and teaching institutions such as our universities.

This is an important matter. I believe that research should be connected with the universities and educational institutions as much as possible. I would advocate, Mr. Speaker, that this committee might examine the British scheme. As the hon. member for Lambton West mentioned, research groups could be attached to universities across Canada. I can think of no country that would benefit more from the establishment of specialized teams. For example, these people could look into certain aspects of biological, medical, or chemical research and other fields. We, in Canada, can rarely afford the manpower, or the finances of having more than one of these highly specialized groups, but perhaps a council could formulate a plan whereby we could overcome this fundamental problem which we have in Canada today by encouraging research groups.

In many of our specialized fields we simply do not have in Canada adequate facilities for training. A university by itself can generally afford—speaking financially and also in a manpower sense—one man and one man only who is a specialist, let us say, in the diseases of fish, and this subject is used just as an example. It is necessary to give training to graduate students and personnel in universities in order that we can have these people trained and employed in Canada. The need is great. There is a crying need in many fields. With these research groups, one group per specialized field, so to speak, and many of these groups attached to our educational institutions right across Canada, we could give training in depth of knowledge. I think this would be a tremendous step forward in the way of progress.

I might add while mentioning the establishment of a separate medical research council, that a committee headed up by Doctor Farquharson of the university of Toronto, vice president of the national research council in charge of medical research is now studying organization problems. This committee established by the Minister of Trade and Commerce is investigating this whole situation, and should report sometime in the near future.

The small research groups which have played such an important part in general research in Great Britain would be one of the important matters that we should deal with. I would think that this committee, should be one which would first of all make an over-all survey of existing research in Canada, look at the over-all picture first of all and see what areas are most in need of federal assistance or federal reorganization of bodies which come under our jurisdiction. But the committee after that could go on as a continuing group which each year during the sessions of parliament or perhaps at other times than during the sessions of parliament could continue to study the various aspects of research in Canada and keep the members of this house up-to-date on the various specialized fields. There is a gap—and I think this gap probably widens each year—between technological and scientific research advances which have made our world almost a wonderland, and our knowledge of them; our ability to legislate in the fields—because we must deal and grapple with these problems—has not increased to a comparative degree. There is a liaison gap there which this committee could fill and where it could play a part which would be of tremendous importance in the years ahead.

In conclusion, Mr. Speaker, I would be remiss if I were not to mention some other research which is going on in Canada at the present time. We have various government departments, of course, engaged in the field of research. The Department of Fisheries has a fisheries research board, with stations on the Atlantic and the Pacific coasts, and another station, I believe, in the province of Quebec. The Department of Mines and Technical Surveys has a mines laboratory. The Department of National Health and Welfare maintains laboratories generally for the protection of public health. The Department of Northern Affairs and National Resources has a forest research division and a forest products laboratory. We have seen these various areas of research. One can also add to this the various provincial institutions which are engaged in research, largely applied to industry, particularly industries in the provinces concerned. The federal Department of Agriculture sponsors a great deal of important research. We have seen the reorganization of the federal Department of Agriculture. I refer to the reorganization of the experimental farm services and the science service portion of that department. I think this is a natural outflow of the interrelationships which come about in research. In this day and age one cannot be, let us say, a wheat plant breeder without some knowledge of plant pathology, genetics, soils and so on. The various departments which had been separated and are being brought together in this reorganization scheme provide an example within the Department of Agriculture of an over-all reorganization and channelling of information and research. We should look at this example when studying research in this country. The Department of Agriculture for many years has carried on much useful research in Canada. Probably one could look again at our universities. I have mentioned that the universities are the main stage of

most of our fundamental research drama, and I believe this should continue.

We can look at our industries. The industries in Canada are spending a considerable amount of money on research and development. I think the figures would indicate that in 1955, for instance—and I am reading from the commercial letter of the Canadian Bank of Commerce of September 1957—between $65 million and $66 million were spent during that year. But again in this small country of ours we face a problem. Many of our large companies, those most able to conduct research, are subsidiaries, so to speak, in many cases, of parent companies in Great Britain or in the United States, and the research activities have been carried out by those parent companies to the detriment, perhaps, of research in Canada; certainly to the detriment of the development of personnel and institutions within the particular industry in Canada.

But this situation is changing. The hon. member for Lambton West (Mr. Murphy) mentioned the chemical industry. I think that is a prime example. In the chemical industry, the engineering industries and the forest products industry we have seen the growth of laboratories. I think we should challenge industry to increase the growth of industrial research. In our tax laws, allowance is made as some five per cent of taxable income is deductible if used for research by companies. I am not certain as to the situation, Mr. Speaker, but it would be interesting to know in how many cases that five per cent of taxable income deduction for research purposes was made use of by various industrial companies. In some cases, if the projects are approved, that figure can be larger than five per cent.

Two or three years ago the industrial foundation on education was organized. I think there is here a potential opportunity for small companies and medium-size companies with related interests to band together and form research organization. I believe there are one or two of these in existence in Canada at this moment. They have been a very successful part of the research scene in Great Britain, where they receive government encouragement and some government assistance. In various cases industrial or trade groups could join together and pool some of their resources, within the framework of competitive industries, in order to solve a number of research problems so as to make better products or increase productivity. This then, is the research scene as I see it in Canada at the moment. I think that a first and long step forward would be the establishment of this committee of the House of Commons, to examine the whole of the research scene and report back to this house. There is no doubt whatever that we need increased research facilities and probably increased reorganization in our various institutions. I am sure that this committee could serve as a foundation for information to the government, and as an ideal liaison group to accomplish this purpose.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have listened with great interest to the splendid address made by the mover of this motion and I, like those who have gone before me, would like to congratulate him for his long-standing interest in this subject of such vital importance to Canada, to its parliament and to its people. I know that for many years the hon. member has pioneered in this particular arena in presenting his views and calling for greater consideration of the question.

I have listened with great interest to the most comprehensive coverage of the question of research presented by the hon. member for Halton (Mr. Best). I, in my turn, should like to address a few remarks to you, sir, on the question of research as it affects the field of the social sciences. I may say that if my remarks are brief, such brevity is not at all proportionate to my interest in this great question and to the heartiness of my support of the resolution before us. I was quite interested in the discussion of the hon. member who preceded me dealing with the subject of industrial research and technological and technical research. All of this is of tremendous importance, and in the fast-moving world in which we now live we have daily reminders of the vital importance of this very question. There are some who say that international competition and conflict at the present time may appear occasionally to be due to something which is taking place in the classrooms or the research laboratories of various nations. But while that is of tremendous importance, I think we must also regard those matters which are not of a technical nature. I was most impressed to read in the first annual report of the Canada Council words to which I subscribe wholeheartedly:

> The country's surging growth, with the promise of still greater prosperity and even more leisure, poses its own problems. Life and business are likely to become more complex. People will need more "know-how" in industry and business and also greater skill to manage themselves, to enjoy their leisure, to control their environment and to use their machines. All this points to the need for more education—more training of engineers, scientists, and business men, of course—but also for greater numbers of inspired and talented teachers, of artists, humanists and social scientists, and of thinkers of every sort.
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> Material prosperity alone will not make a great nation. As we press on to push back the frontiers

of material progress, we must aim to advance on the spiritual front, and advance in our artistic expression as a nation.

I agree with the preceding speakers who emphasized and underscored the need for encouragement and advancement of research, which the proposed committee would undertake. But I believe that in the field of social sciences the need is even more acute. In this field few institutions are engaged other than the universities. I was much impressed when the member for Halton pointed out that the fundamental role must be played by the universities, and I think too that it is only in a limited area that the research function can be totally separated from a teaching function.

I was impressed when the hon. member for Lambton West (Mr. Murphy) told us about the increasing research programs of various business corporations. I think this is all to the good, but in the field of social sciences, except for economics and perhaps for those fields of psychology related to personnel management, the burden is left almost completely to the universities. When we consider the need for the furthering of research facilities we must look to the existing functions, roles and opportunities of our Canadian universities. Surely in this field we find very little room for complacency. We find that university faculties are overworked, with too many classes and too little time for research. They use the expression in universities that the head of the department holds the chair in that subject. One Canadian university professor said that he had not a chair but a settee, since he headed three departments and taught four different subjects.

We find, too, that equipment is inadequate and that it is difficult to meet the ordinary demands of the undergraduate population which is ever increasing in these times. You cannot carry on social science research without an adequate library, to say the least. You find, too, that the trained minds who must carry out research in the field of social science are troubled by economic considerations which limit their usefulness in the research aspect of their work. Many university professors instead of pursuing a research program during the vacation period find it necessary to engage in the rather arduous and onerous duties of teaching summer school. When I refer to this question, I am not speaking academically; I understand from personal experience just what is involved. Often the sabbatical leave arrangements are very inadequate. Sometimes the grants which are given are given reluctantly and niggardly, if at all.

Now may I go to something which the hon. member for Halton touched on when he spoke for other areas of research. We find in a country like Canada that we are constantly losing our trained researchers. It is said that we normally find that about 50 per cent of Canadian graduate students leave Canada and carry on their research work or their teaching work in the United States. It is necessary for many of them to go to the United States or the United Kingdom to carry on their Ph.D or perhaps their M.A. program, and then having been established in a United States university the opportunities are such that about half of them do not return to Canada.

Then there is the old question of too few scholarships and fellowships for the student in social science who has the aptitude, ability, interest and desire to proceed, but who because of lack of financial backing must forego a career in this field. There are of course grants to students in this category, and I am happy to say that over the recent years they have been increasing. It is significant—I believe this observation lends timeliness to the resolution of the hon. member for Lambton West—that until very recently the funds which were assisting Canadian students in the field of social sciences came from such organizations as the Carnegie Foundation, the Guggenheim Trust, the Ford Foundation, the Rockefeller Foundation, the Nuffield Foundation, or from the private generosity of that great benefactor of education, Lord Beaverbrook; in other words, from sources outside this country. In the field of individual contributions to education from those of its citizens who are blessed with this world's goods, Canada lags far behind the United States and the United Kingdom.

In the overall field of assistance to worthy students the figure for Canada is quite significant. It has been estimated—I have the figures here for 1954 and 1955—that in Great Britain 72.9 per cent of all students registered at British universities were in receipt of some kind of scholarship or bursary. In the United States in the same year 55.9 per cent of all university students enrolled in state universities were in receipt of either all or part of their tuition fee, while 20 per cent of those in private universities were receiving assistance. In Canada, for the same year, the figure for all students was estimated at 14 per cent. This refers to a situation which existed some two or three years ago. Since then the improvement has been considerable, though not substantial.

The hon. member for Halton referred to the national research council, that splendid body which was established in Canada under the administration of Sir Robert Borden. In the field of the social sciences there is no such body. The closest we have to it is a private organization, the Canadian Social Science

Research Council, which in May of this year will come of age and celebrate its twenty-first birthday. This group of dedicated and interested scholars looking over the field 21 years ago was shocked at the state of research into the social sciences of this country.

Mr. Winch: Are they not shocked now, 21 years later?

Mr. Macquarrie: They found, 21 years ago that at the undergraduate level geography was taught in only four of the universities, anthropology in fewer still; they found that statistics, sociology and other social sciences did not appear in the curricula of several of the leading universities, and that when they did appear they received scant attention. This Canadian Social Science Research Council discovered that at post graduate level 21 years ago there were 12 scholarships or fellowships offered in the social sciences and 14 in the humanities as compared with 96 in the natural sciences. In its first report, the committee observed:

> Considering post graduate scholarships in Canada one is apt to wonder whether they are as much a recognition of scholarship in itself as they are a means of helping along those who have chosen practical careers-studies that are expected to yield a dollars-and-cents return. This emphasis is probably to be expected in a country where so much attention can still be devoted to undeveloped resources, but experience of the 1930's has been such as to make us wonder whether, even from the purely practical point of view, there ought not to be more encouragement given to the study of the social and economic mechanism that enables the resources to be used.

In this connection it is encouraging to report that in the 21 years of this research council's activities much has been accomplished, and that just before the creation of the Canada Council it was possible for it to distribute annually some $150,000 to worthy Canadian institutions of learning and to ambitious and deserving students in Canada.

I feel that if such a committee as is now suggested could be established, it could bring to itself no more valuable and no more highly informed witness than Dr. John Robbins who for 20 years has been secretary of the Canadian social science research council. I am confident that no man in Canada is so familiar with or so deeply concerned about the problems involved in this aspect of research as he is. The Canadian social science research council is still performing a very important role, in that with regard to certain grants made by the Canada Council it is the selecting body. In addition to assisting scholars, the council has also assisted publications, and there is no field of journalism in Canada in which there is greater difficulty in maintaining a situation of solvency than that facing the learned publications which a mature society must require. In this instance I should be remiss if I did not say that the establishment of the Canada Council was one of the greatest moves in the direction of improving research, especially in the field of the social sciences and the humanities. That was a wonderful step forward and something which I applauded most heartily. As I have seen it function, I congratulate still further those who sponsored this magnificent development.

But though the Canada Council is a mark of national initiative in this field of research, I think still further initiative should be shown on the national level and therefore it is altogether appropriate that we should be discussing the resolution now before us. I think that we in Canada can offer inducements of a tangible kind to stimulate research into many untouched and uncharted areas. They say a country becomes mature when it begins to become aware of its past and take an interest therein. I used the expression "uncharted," and I used it advisedly because in so many areas of Canada's growth and development we find great vacuums so far as research and study are concerned. We have a great dearth of secondary material in the field of history alone. For instance, in Canada we have now, happily, one fine modern work on the great statesman, Sir John A. Macdonald. But why should we not have a dozen? We might compare the situation with that in the United States where the whole field of historical study has become so vast that the volumes on Lincoln alone would establish a very substantial library. There are many figures in the Canadian past which deserve the attention of Canadian scholars. We need our great statesmen assessed by those who were not their contemporary admirers or detractors, though there is an important role for contemporary scholarship as well. There are many other figures, besides prime ministers, whose contributions to the country should certainly be recorded. One could think of many such men. Joseph Howe might be one. Sir Clifford Sifton could be another and I should personally like to see something written about Sir Sam Hughes.

There are other subjects besides history. Canadian scholarship might direct itself to ecology. We are in the midst of a vast change in our urban-rural relationships, yet most Canadian students study sociology today from texts which were written by United States authors about United States conditions. About parliament itself, about political parties, about the whole process of our political institutions, there is much yet to be done, and the inducement and the encouragement of research in this field alone would I think present a very

worth-while challenge and opportunity to the kind of committee we envisage in this resolution.

Mr. Winch: If it is allowed to pass.

Mr. Macquarrie: There is much, of course, which can be done to assist scholars and stimulate scholarships but, of course, always to leave the scholar free; for intellectual independence is an absolute necessity in any kind of good research.

Perhaps such a committee as we envisage might move into new fields of Canadian endeavour in the field of research. We might inquire into the possibility of developing a policy similar to that of the United States congress where they select political science students and take them down to congress where they are attached to a member thereof and become a part of his routine operation. Something similar might be done in this country, although I know immediately there would certainly be the problem of office space and facilities which hon. members know are not nearly ample in this building.

Our various departments might usefully introduce into their operations students on an in-training planning basis to further their research into various important questions of international relations, governmental organization, administration and the like.

There are many situations which I might discuss, Mr. Speaker, which may be further benefited by the establishment of the kind of committee we have been talking about this afternoon. While I would agree with the hon. member for Burin-Burgeo (Mr. Carter) that much has been done and while I am happy to say that the situation is improving, I think we would be something less than realistic if we did not recognize that the question of research not only in the field which I have been discussing but perhaps in the more seemingly immediate fields that have been discussed by the house does require the urgent application of the kind of measures set forth by the mover of this resolution. I therefore, Mr. Speaker, am happy to support him in his presentation and to congratulate him on his devotion to this important topic.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, ever since this motion was introduced this afternoon by the hon. member for Lambton West (Mr. Murphy) every speaker has supported it, its principle and its objectives. I know some of us could spend a great deal of time in expressing our support of it but as far as I am concerned it is more important to have this matter decided than to spend between 20 and 40 minutes saying that I am in agreement with it. Therefore, sir, I hope that I can establish a precedent by saying that I support this motion, its principle and its objective and I sit down hoping it will come to a vote.

Mr. H. C. McQuillan (Comox-Alberni): Mr. Speaker, I hope I will not be as brief as the hon. member for Vancouver East but in speaking to this motion if I appear to speak primarily in connection with the forest products industry it is because I have spent most of my life in that field. I recognize and am very well aware of the urgent necessity of a great deal of research in the field of forestry. For years I have been attending lumbermen's conventions, pulp and paper and other such conventions and in every instance it has been stressed before those conventions that there is a need for research in the field of forest products.

I hold in my hand an editorial which appeared in the *Canadian Lumberman* of November, 1958 and which outlined their views on the matter. It expressed the feeling of a great part of the industry and reads as follows:

> But an industry which plays such a vital role in the economy of the country should not be left to founder, dependent on the research and development of the giants in the industry. If these giants consider it a sound business principle to establish the means of improving techniques and practices for continued prosperity, should not the federal government consider it an equally sound principle? The thousands of smaller companies are dependent upon government research for their new ideas, and the government must look to the small businesses for the country's continued prosperity. There was never a tree that was not at one time a seedling.
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> We have urged in the past, that a separate department of government should be established with sufficient funds and facilities to fully exploit the forests. Ottawa has never refuted the arguments, but does nothing to alleviate the situation.

I feel it is time to alleviate the situation.

Mr. Winch: Don't talk the motion out, though.

Mr. McQuillan: The hon. gentleman who just interrupted me said at one time that I had rocks in my head. I sometimes wonder what he has in his.

An hon. Member: A vacuum.

Mr. McQuillan: In summing up Canada's economic prospects in the field of forestry the Gordon commission spoke of the need for forestry and forest research. The commission summed it up in this way:

> Canadians must guard against overrating the strength of their position in forest and mineral products; for most of such commodities, there are many closely competitive sources in other parts of the world.

This further emphasizes the need for research in that field.

Proposal to Increase Research Activities

In February I had the pleasure of attending the opening of a new forest products laboratory in Vancouver. It was a credit to the government. The people in that department were very pleased to have such a building which would allow them to work with greater efficiency and produce better results than they had produced in the past. But it struck me that it was only a small part of our requirements in the field of research into forestry and the forest industry. I notice that according to a publication of the dominion bureau of statistics approximately $1,070,000 is being spent by the Canadian government in forest products and forestry research. The pulp and paper section of the industry itself last year spent something well over $6 million. The lumber industry fell off rather badly and spent a matter of $150,000. This is primarily owing to the fact that most of the lumber is produced by smaller companies and they have not the facilities or the means to finance and to pursue research in that field.

Last year I spoke before the mines, forests and waters committee about one particular phase of research which is most vital to us in British Columbia particularly, namely that of finding greater use for one of our finest primary forest species, the western red cedar, of which we have in one small part of the coast of British Columbia something like 75 billion feet. So far we have not been able to use it successfully in the making of pulp and paper because of certain chemical aspects of the wood and the chemical effect on the digesters in the pulp and paper plants. Yet if we are going to derive the most from our forests we must find a use for this low grade cedar product, particularly if we are to continue to maintain our pulp and paper and lumber production on the coast.

We also heard in that committee from a very eminent British Columbia forester, Mr. Ian Mahood, who came here to appear before the committee. He emphasized the need for research in the field of silviculture. He pointed out that one of the greatest problems in British Columbia was to maintain a rapidly producing forest with high productivity in close proximity to the existing plants and developed roads. He pointed out that some countries in the world are making great progress in this particular field. He spoke about the recommendations of the late Mr. Gordon Sloan who acted as a commissioner to investigate the forest problems in British Columbia. He recommended the lumping of research by all agencies, government, industry and university. He also spoke about the necessity of studies of tree seed production and collection, the development of strains of trees best suited to the geographical climate and soil condition, the suitability of species to site and many other things that would assist in the rapid growing of our forest in close proximity to existing plants and road developments in order that we may maintain a competitive position in the world markets for forest products.

I think most of us are fairly well aware of what the forest industry means to British Columbia and to Canada. Taking the overall picture, it means something in the neighbourhood of $2,400 million a year in production and I believe it means over $1,500 million a year in total exports. This is an industry to which research is vital. The government has not been too generous in the field of forest research, particularly in the field of silviculture. I do not begrudge the money spent on research involving other products but when one compares the expenditures one finds that in the case of rubber $4,307,000 was spent in 1957 and $1,200,000 odd in the case of textiles. I do not say that these amounts are too high by any means—probably they are not sufficient—but the money that has been allocated for forest research is far too meagre for an industry on which the province of British Columbia depends for the greatest part of its livelihood and the whole of Canada depends for a great part of its livelihood. I take great pleasure, Mr. Speaker, in supporting this motion and I hope, as the member for Vancouver East (Mr. Winch) does, that it will be approved by the house and we will have action.

Mr. E. L. Morris (Halifax): Mr. Speaker, when I enter this building through the main doors I am sometimes stopped by the use of the adjectival word "wholesome" in the inscription carved above the main entranceway:

> The wholesome sea is at her gates, her gates both east and west.

One would suppose that one would read the words "cruel sea" or perhaps, with poet Dick Diespecker of Vancouver, the "furious sea", or perhaps the "menacing sea". But no, the inscription is, "the wholesome sea is at her gates, her gates both east and west."

I have waited for this debate to speak for a few minutes on the subject of research into the sea, the sea around us, the cruel sea, the mysterious, menacing sea. It could be made a wholesome sea for when we come, as I hope we will, to establish a committee I would hope that in due course that committee would cause to be brought before it persons of expert knowledge who would help it to investigate the development of the sea for future generations as a source

of chemicals and minerals far more abounding than those in our constituencies in the land base areas of Canada.

There is far more food in the sea than there is on the land. The sea is the mother of us all. The sea is the master of our planet. The land is its slave. Three-quarters of the surface of our cooling cosmos is inhabited by the sea. The sea at its greatest depth far exceeds the height of the highest mountain. Briefly, because I come from a coastal riding, because I am a man who lives on the shore of the sea, it seemed to me that I might enliven this debate on research for a few moments by saying a few words about research into the sea and by holding out some idea of what a committee of parliament might bring before it for further examination.

Most of the research into the sea that we have done in Canada has been provoked by the necessities of our military position. At the commencement of the second world war the Royal Canadian Navy had no scientific establishment and was doing no research into the sea. The national research council, largely through the devotion of two of its senior officers, had kept alive a study of acoustics. One of these, Dr. Field, a former student of Dr. Boyle, both from the national research council, established an acoustics department of the national research council in 1930 and at the start of the war what we knew of underwater sound transmission came largely from this study of acoustics and from information made available to Canadians by research teams of the royal navy.

We should remember when we come into this house to discuss defence that it has been the fashion this session to discuss air interception. This inevitably gives rise to a discussion of the circumstances and particulars surrounding the CF-105. This discussion has no particular bearing on another peril, however, which some people consider to be even greater than the peril of air attack. I refer to the peril that lies under the mysterious sea, the peril of submarine attack. We now have truly submersible craft, craft which can journey through the Arctic ocean at the height of the winter season. This was proven by the most recent voyage of the U.S.S. *Skate*. The feasibility of this undertaking had already been established, that is the possibility of traversing the Arctic under the ice, but last month the U.S.S. *Skate* established that it could be done during the worst meteorological time in the Arctic.

These submersibles which may some day be turned against us, and for a defence against which we require all the research talent and energy we can bring together, are now capable of long endurance at high speeds under water and are also capable of launching missiles from under water in relatively undetectable locations. We must remember that in the single month of January, 1940, 100,000 tons of allied shipping were lost to magnetic mines. At that time the German navy had 45 operational submarines. Today the Soviet union has over 600 at sea, any one of which has more striking power and capacity to destroy North America than any German submarine.

In 1940, following that terrible month of January, two professors from Dalhousie university in Halifax were asked by the Royal Canadian Navy to commence research into the perils of the sea. Doctors G. H. Henderson and J. H. L. Johnstone were asked to commence inquiries into defensive measures which could be taken to protect allied shipping against the perils of the magnetic mine. Dr. Henderson visited London. I do not know that this story has ever been fully told. Sufficient time has now elapsed that interest can be assuaged without national security being in any way imperilled. Dr. Henderson went to the United Kingdom. It was, perhaps, logical that Halifax should have been chosen as the place upon which to base this research.

Back in the terrible days of the war Halifax and its sister city of Saint John were indispensable to this nation. Alas, sometimes we are subsequently forgotten, but thereby hangeth another tale. Dr. Henderson returned and visited Dean Mackenzie at the national research council. A small amount of money and a small number of personnel were made available. During the war, in my harbour, 3,800 allied vessels carrying the produce of every one of our constituencies, carrying the sinews of war, underwent degaussing at a range established in Bedford basin adjoining Halifax harbour.

It is typical of military weapons that as fast as you find defensive measures against them they are superseded by new types of equipment or new techniques of use. At the end of the war a separate naval research establishment was created. I refer to the laboratory of the defence research board which has its headquarters at Dartmouth across the harbour from Halifax. Here is concentrated, in conjunction with applied research of the Department of Fisheries oceanographic station at St. Andrews, New Brunswick, almost all the substance and total of Canadian research into our greatest physical asset, the wholesome sea which is at our gates. This research is largely concentrated in these two locations. Here, since the war; here, since the creation of separate physical facilities in 1952, in the town of Dartmouth,

Proposal to Increase Research Activities

a small group of scientists and their professional and clerical staffs have rendered a service which I would not want to defame by a constituency address.

It is typical of most scientists that they are interested, *a priori*, in the achievement of their scientific research, not in its application. It is typical also of the naval scientists that they are indeed the most silent members of the silent service. Some of the results of this research, which are possible of limited civilian application, would be of incalculable benefit to Canadians. The naval research establishment in Dartmouth is presently preoccupied mostly with work of a highly secret nature, classified security work having to do with the detection of submarines, the increase of fire control mechanisms and the improvement of ordnance as a defence and as a direct countermeasure against submarines.

However, in addition to this classified work, the story of which will have to wait perhaps for some future generations, there has been some other work done. It is this type of work which I would hope that a research committee would inquire into and expand, if possible. The naval research establishment at Dartmouth has conducted continuing experiments with a hydrofoil craft. It is interesting to tell, and I think for the first time publicly, that the modern hydrofoil craft now visible in Halifax harbour under trial actually originated with a request of the then general officer commanding the Pacific region, now the distinguished Minister of National Defence (Mr. Pearkes), who asked during the late war that the Suffield experimental station produce a portable smokescreen device to be used in amphibious assaults. As a result of this request research was conducted which revived experiments first conducted in 1907 by Alexander Graham Bell, John A. D. McCurdy and Casey Baldwin at Bras d'Or in Nova Scotia. These were the three men who had, in fact, created the Silver Dart, the first heavier than air craft to be flown in Canada and who also created the first hydrofoil craft. It is interesting that as a result of all our research we have come back, after several years, to their basic prototype. This hydrofoil craft is the forerunner of a new ship design because the research establishes that the hydrofoil principle can now be adapted to other vessels.

The naval research establishment at Dartmouth has also been engaged in research into scale formation on the coils of freshwater evaporators used by our ships at sea. We as Canadians have an enormous capital investment in naval ships. Yet if we had no fresh water aboard them, men could not stay at sea for indefinite periods. In this regard, it is interesting to note that our sister parliamentary group, namely the United States congress, has voted $10 million for advanced research in that country into the conversion of salt water into fresh water. The United States' secretary of the interior, Mr. Seaton, early last month announced that that research in the United States had advanced to such a degree that it was now possible to procure fresh water from salt water at a cost of one dollar per thousand gallons. This compares with a present cost of fresh water to domestic households in the city of Ottawa of approximately twenty cents per one thousand gallons. I mention this matter lest any hon. member from an inland constituency think that the result of research into the sea would have no direct bearing upon his constituency. My farm member friends across the floor of the house must surely be interested in any venture which can produce fresh water from salt water at a reasonable economic cost. If the cost can be further reduced the impact upon the world's food production would be inmeasurable.

The naval research establishment at Dartmouth has also done pioneering research into marine paints to prevent or resist corrosion and rusting, particularly below the water line. The naval research establishment is also examining and researching the use of other alternative materials for ship construction. Finally, in this symbolic recital of this incalculable work, may I say that the naval research establishment is engaged, in conjunction with the fisheries research stations, in basic research into oceanography. Here we come face to face with the future of our world, for the sea, the wholesome sea, contains more minerals than does the land area, more chemicals and more food life. Yet in today's atomic age it is a little saddening to reflect that we know more about the moon than we know about our own sea.

At the naval research establishment in Dartmouth even as I speak experiments are being conducted into such basic research information as thermal gradients and salinity gradients off the Nova Scotia coast which is one presenting peculiar problems for oceanographic research for not only does the temperature of the water change in location and as it deepens, but it also changes with the seasons.

I cannot overemphasize to my fellow members of all parties in the house, the absolute indispensability to the welfare of all the people in all the parts of Canada who sent us here of the research which is conducted today, by chance in my constituency, into the nature of sound transmission in the sea. It is now theoretically possible for a submarine to lie under a layer of water where there

is a sudden change in temperature or even in salinity and there be relatively unreachable by detection gear. It is possible that this research into the sea will be the means whereby, in conjunction with other defence mechanisms, we shall buy our survival in an atomic age. But I would hold out the hope—as I know would other hon. members—that this research into a special field, namely research into the sea, would some day be useful to us not in protecting ourselves against death from nuclear-headed, underwater-launched missiles but that it would be useful to us in transmitting to all the world's peoples the hope that at long last we shall be able to gather in the bounty of the sea and that when we enter this building we shall not ceaselessly wonder about the adjectival use of the word in the inscription over the main door:

> The wholesome sea is at her gates, her gates both east and west.

Mr. M. D. Morton (Davenport): Mr. Speaker, it has been said that 40 years of scientific research on a national scale or basis has made it possible for Canada to keep pace with the exploitations of its own vast resources as well as with the accelerated economic development noticeable in all parts of the world. This statement is found in a recent edition of the *Canada Year Book*. We may or may not agree with this statement. It is clear that the great research in the past has brought great benefit to our country. In listening to the debate this afternoon we have learned that there are many fields in which research is still necessary. For that reason I think the hon. member for Lambton West (Mr. Murphy) is to be congratulated for having brought this motion before us in order to give us the opportunity of reasoning with the government with a view to having it set up the committee that he has suggested.

In going over the past we have seen that as a result of the first world war the government at that time set up the national research council. Then in 1924, as a result of experience, it was reorganized. This council has given leadership in many fields of research and has provided grants and scholarships to encourage research. Because of the experiences of the second world war, the defence research board was established in order to give leadership in research necessary for the defence of Canada. We have already proved the necessity of research and the benefits of it. Today we are considering the advisability of reviewing our efforts in the field of research.

I therefore raise two fundamental questions in respect to this. Should we not now consider our capacity to extend such research? Have we sufficient facilities to train the personnel necessary to develop such research? Does our educational system provide the opportunity and the incentive which will produce the research personnel necessary for the work that is to be carried out? Secondly, to what extent should we endeavour to develop the full intellectual potential in our human resources? The answer to these questions would involve research in numerous fields and problems related to education, such as the teaching and training of our gifted children, the use of television in our educational system, the teaching and training of our handicapped children, the curriculum requirements for our present society, and the financing of education.

The federal government has recognized the need of assistance and the importance of research and education, and is giving increasing assistance. The provincial governments have recognized the need and importance and are giving it increased assistance also. Universities have been expanding research facilities, and they have been assisted by government and private grants. Some local boards have recognized the importance of research, such as the Toronto board of education, which has set up a research department and is providing space for this department in its new administrative building. I submit that this house has ample proof of the need to set up a committee to study the needs in the field of research, and I would like to suggest that when this committee is set up and meets it should study the need of research in the field of education.

To support this view I quote from the brief to the federal government from the Canadian teachers' federation presented in 1958. On page 9 of that brief they state as follows:

> Research is an important aspect of improvement of education. In Canada there is no co-ordinated program of educational research. While the work done has been creditable, it has suffered from want of financial support except in the case of a few projects financed by grants from foundations, mostly in the United States.
>
> The Canadian teachers' federation for the past five years has maintained a research division which costs approximately a quarter of its annual budget. The education division of the dominion bureau of statistics renders a valuable service in the provision of statistical research but it is greatly hampered by lack of staff. A few of the faculties of education in Canadian universities are conducting some research. However, all of these add up to a very inadequate program if Canada is to remain abreast of some other countries and in line with changing conditions in our social, economic, and scientific advances.
>
> The federation recommends that the federal government give consideration to providing at least some of the financial support necessary to establish and maintain a central bureau of educational research. Such a bureau could co-ordinate work now being done throughout Canada, stimulate

and conduct new research and generally render a service to this aspect of the improvement of education.

I emphasize, Mr. Speaker, that if we are going to consider the research problems into our physical assets we cannot overlook the need of the skilled researchers to carry out this work. We must give encouragement and assistance to the educational groups throughout this country to provide the opportunities and facilities to train research workers, and for that reason I think it is necessary that the federal government study in any project such as this the implications which it would have in the educational field. I sometimes wonder what is the percentage of the personnel involved in the research which is being done which have been trained in our own universities or school system. I also point out that in the field of research itself education is a very fertile ground in which this research should be carried out, and I hope that in the consideration of a committee which may be set up there is not overlooked the need of research in education.

Mr. Murray Smith (Winnipeg North): Mr. Speaker, like others who have spoken on this resolution, my first words must be words of congratulation to the hon. member for Lambton West (Mr. Murphy), who has proposed this resolution and who has put forward his case in support of it so ably in this house today and on previous occasions. In preparing to speak on this matter I did some research in *Hansard,* and I found that the past contributions of the hon. member for Lambton West and of many of his colleagues who were then sitting in opposition were most informative. I would suggest that if anything is left out in today's debate it would very likely be included in past debates on this matter in this house. In particular I would refer hon. members to a speech made by the hon. member for Lambton West on May 11, 1954. This speech may be found in volume 5 of the revised *Hansard* for the 1953-54 session at page 4630. There he suggests that in dealing with this topic we ask ourselves several questions, and I would suggest to the house that those questions which are found on that page are just as applicable today as they were at that time. I will not repeat those questions as they are somewhat lengthy and I am sure there are others who would like to speak on this matter. I therefore merely refer the members of this house to those questions which may be found in *Hansard.*

There are a great many aspects of research that could be dealt with, and it is difficult for any hon. member to touch upon them all. We have heard from various quarters today and we have heard various aspects of research discussed very fully and ably. To my mind research is essential for our survival both from a military and an economic point of view. We are all well aware, I am sure, of the tremendous advances which have been made in soviet Russia in the field of research and in the field of education. They have made advances in the field of military weapons, and these advances are all quite well known to us in this house. They have made advances in industry, in agriculture and in various other fields, and these strides have enabled them to compete for and obtain world markets from which they were previously excluded.

In order to discuss the present situation in Canada I should like for a moment to refer to the situation which existed in this country in 1938-39. I must apologize for the figures to which I will refer, inasmuch as they are not completely accurate figures, and this is for the simple reason that it is very difficult to obtain accurate figures in terms of dollars and cents when one is discussing this subject. However, I am sure that even though these figures may not be completely reliable they will serve to illustrate the situation which existed at that time. In 1938-39 the amount spent by the Canadian government on research was between 40 cents and 50 cents reckoned on a per capita basis. This figure applied not only to Canada but also to the United States and to the United Kingdom. In comparison, the expenditure on a per capita basis by industry in Canada during the same period was approximately 20 cents, and in Britain it ranged between 30 cents and 50 cents. In the United States, on the other hand, the surprising amount of $1.70 per head of the population was being spent by private industry. Today in Canada, as nearly as I can find from the material I have accumulated, the government is spending approximately $1 on research, on a per capita basis, and private industry is spending $1.35. These figures, though they may not be accurate, as I have explained, are somewhat below the figure which the United States was spending in 1938-39, and for that reason I ask the question: is Canadian industry doing all it can in the field of research? Regardless of what they are spending, are they realizing their total potential? I think this is one aspect of the subject which the committee proposed in this motion might study in detail. Having studied it, the committee would be in position to recommend to the government how industry could be encouraged to spend more on research. It would also be in a position to offer guidance to industry in developing its products and competing for markets.

I think many of us at the present time see far too many situations where parts of industry—certain aspects of industry—have become wholly dependent on government contracts. One cannot help but ask the question: are such companies doing anything for themselves. One cannot, of course, apply this criticism to every industry in this country, but I think there are certain industries which feel that there is a gold mine underneath the centre block and that all they need to do is raise enough fuss and they will get contracts. Such firms are completely disregarding one of their responsibilities as free enterprise companies in a free enterprise nation, and that is basic research—to come up with a product and then to sell it.

I wonder if I might call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Smith (Winnipeg North): Mr. Speaker, at six o'clock I was discussing the question of whether or not private industry was fully performing its duty in the field of research. I pointed out that some industries seem to have become wholly dependent on government contracts. Once those contracts have run out or, in the interests of the nation as a whole, have been terminated, a situation arises which is lamentable both from the point of view of the company and the country. I suggest that a committee such as that proposed in this resolution would do much to guide and encourage private industry to promote research in fields which would be beneficial to themselves and to our economy.

I should like now to turn for a moment and look at this matter from the point of view of the student. I have a recent copy of the Winnipeg *Tribune,* which paper I am sure all members will agree, because of its unbiased treatment of political matters, has become the spokesman for western Canada. A news item in this paper refers to a genius hunt proposed by Dr. O. M. Solandt, who was at one time chairman of the defence research board and is now vice-president of research for Canadian National Railways. He suggested that we go on a campaign to find the geniuses in this country and to put them to work doing basic research. The question that immediately comes to my mind when I read such an article is, what are we going to do with all of those geniuses when we find them, and I am sure that if we went on such a hunt we would find a good many? How are we going to support them? To touch on this a little more specifically, the curriculum in the field of education has not been brought up to date with the times; consequently a student who is ready to go into research is approaching 30 years of age. Because of certain biological and economic factors—he is either out of funds or is married and raising a family—he runs into a great many difficulties in going into research. I am sure we will all agree that it is not a paying career. A committee of this kind could find out whether we are making the best use of our bursaries and our scholarships, and possibly could channel them into hands that are more deserving or into areas of the country which require a little more assistance than some other areas.

The committee could also make recommendations with regard to the structure of the Income Tax Act in so far as it affects students, and also the Unemployment Insurance Act in so far as it affects students. In this way they would be providing an opportunity for more students to go on with their education and eventually do basic research.

From the economic point of view, we have heard a great many people in this country say that the high cost of labour is pricing a great many of our products right out of the world markets. Here basic research is essential to find newer techniques in the field of manufacturing and to find out and promote new products which we could sell to other countries.

Basic research is essential to our survival. We must find new defences to any weapons of warfare that may be developed in other countries and we must also put on the drawing board weapons which may be used for retaliation should the need arise. Today we have the atomic bomb and the hydrogen bomb, and much is being done in this country in promoting the development of atomic energy for peaceful uses; but I do not think we should conclude that the atomic bomb and the hydrogen bomb are the ultimate so far as weapons of warfare are concerned. I think the past 10 years have indicated through the strides which have been made, that even more destructive weapons may be found, for instance, in the field of germ warfare. In this regard we must be prepared to meet any weapon that may confront us in the future and to do that research is very necessary.

Nothing that I have just said is to be construed as criticism of what is now being done by the defence research board, by the national research council, by atomic energy or by those private industries in this country which are promoting research and are doing all they can.

In conclusion, Mr. Speaker, I should like heartily to endorse the resolution standing

in the name of the hon. member for Lambton West. I do so because in my maiden speech in this house on May 22 last year I made a recommendation that the government set up a committee to study the whole field of education in this country. Therefore I heartily endorse the resolution we are discussing today.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, my purpose in rising to discuss this resolution is not to delay its passage but, on the contrary, to assist it if I can by the brief remarks which I intend to make.

The hon. member for Burin-Burgeo (Mr. Carter) spoke earlier this afternoon and indicated the position of the party in so far as we on this side of the house are concerned. All I intend to do is to put a few brief remarks on *Hansard* which will perhaps indicate to some further degree the position which we take.

The resolution of the hon. member for Lambton West (Mr. Murphy) seeks the appointment of a special committee for the purpose of examining and reporting upon the advisability of providing inducements to promote and accelerate activities in the field of research. The word "inducements", of course, is one which has a very broad meaning and it is one under which many matters could be considered. I am not here to attempt to define the term. My only thought at the moment is to say that I would have hoped that the hon. member would have told us in perhaps a little clearer language just what was meant by the term. Nonetheless, that does not derogate from the fact that we on this side of the house think that in essence the resolution is a good one.

In fact, I think that the house knows full well the attitude and conduct of the former administration with reference to research. I have no intention of recalling what that is. Neither have I any intention of going into the details of what was done by the previous administration in the field of research, in the field of atomic energy and in many other fields having to do with the development of natural resources. If I felt that I would not be taking up the time of the house I would go into them in greater detail. However, as one member has stated already, I believe that this is a matter which should be disposed of as quickly as possible and I have no intention of delaying the passage of the resolution.

I did rise, however, with one other purpose in mind, to put on *Hansard* the attitude of the Liberal party with reference to this matter. It has already been discussed in the house but not under this heading and I thought I should like to read at this time the statement of policy approved by the party so far as research is concerned. It is in these words:

> We propose to establish a national science commission to co-ordinate, promote and sponsor scientific development and research in Canada. The purpose would be to ensure, through appropriate financial assistance and the effective use of our resources, an adequate program of basic and applied scientific research through the national research council, the defence research board and other government agencies, together with industry and the universities.

I believe that most other hon. members who have spoken on the resolution have touched upon the various aspects of this Liberal party program. I put it on the record first for the purpose of saying that it goes beyond the terms of the resolution of the hon. member for Lambton West (Mr. Murphy). I would have hoped that a commission would have been set up for the purpose of dealing with the very matters that the hon. member has in mind. However, he suggests a special committee and while I am not in disagreement with the resolution, far from it, I believe that the purpose that the hon. member has in mind would be more quickly and adequately attained by the adoption of the proposal I have placed on the record.

Nonetheless we on this side of the house are in agreement with the resolution on the whole and will support it. Without saying more I feel I should ask hon. members if at this stage it would not be advisable to dispose of the resolution by having a vote on it so that the committee will be set up in order to deal with the matters the hon. member has in mind in his resolution.

Mr. J. A. McBain (Elgin): Mr. Speaker, I am very pleased this evening to support the resolution proposed by the hon. member for Lambton West (Mr. Murphy). In his resolution he suggests a special committee, representative of all parties to examine, to promote and accelerate activities in the field of research. In my view no person in the house is better qualified to propose such a resolution than the hon. member for Lambton West, for he represents an area which has become known as the chemical valley of Canada and the products manufactured in this valley are widely distributed and widely known all over the world. I am sure that since he first became a member of the house in 1945 he has seen at each session the growing need for a much greater acceleration in the field of research. I wish to congratulate him for bringing this most important subject before the house for discussion not only on this occasion but during other sessions.

The hon. member for Lambton West, speaking on the subject of research on May

11, 1954, proposed a series of questions and I wish to quote a few of them at this time. As found at page 4630 of *Hansard* his questions were as follows:

1. Are we doing enough in the way of research in this country, in view of the vast and varied natural resources now known to exist in commercial quantities in Canada?
2. Are our universities in a position to continue to provide the trained scientific minds and undertake the fundamental research necessary to assure the continued development and productive expansion of this country?
3. Would accelerated efforts in the field of industrial research, resulting in new products, new uses for old products, improved techniques that lower production costs, enhance or help us, an exporting nation is ever-increasingly competitive world markets?
4. Are our present fiscal policies, in relation to research expenditures, adequate to induce private industry to undertake the amount of research that should be undertaken other than by government agencies, if we are to continue to enjoy a high level of capital investment so essential to high employment and general prosperity in this country?
5. Does the government do enough in the way of agricultural, medical and other research, in fields where this can best be accomplished by the state in the common interest of all its citizens?
6. How does the degree and extent of research in this country compare with comparable efforts in the United States, the United Kingdom and other countries with whom our primary and secondary producers must complete in export markets?

I feel that these questions, Mr. Speaker, were important in 1954, almost five years ago, and are just as important and probably more so today than they were at that time. Tonight I wish to discuss one phase of a research program and that is in the field of agriculture. Research in agriculture has been concerned largely with practical problems and in this regard contributes greatly to the industry. But viewed as a specific program it means finding wider outlets for agricultural products; it means finding new uses in a wider field for edible and inedible agricultural products, for as we continue to expand in industry a greater need arises for raw materials. Much of this raw material can come from our agricultural products.

I wish to give credit to the tremendous contribution our agricultural scientists have made in the field of agriculture in the past. If it had not been for the contribution of a great scientist, Dr. Saunders, we would not have had Marquis wheat. Later, when rust threatened the varieties of wheat grown in western Canada, research again came to the rescue and a new variety was introduced that was fairly immune to the rust spores. What would be the position of our agricultural producers today if we did not have scientific agricultural research to improve and produce new varieties of cereal grains? Our production per acre probably would be back where it was 25 years ago.

It was not too many years ago that soybeans were first introduced commercially into Canada. The area in which it was felt they could be successfully produced was confined to the so-called banana belt of southwestern Ontario, namely the counties of Essex, Kent and Elgin. The area in which they are grown today has been extended to include many counties in Ontario, as a result of the use of new varieties. Scientific research has made possible the manufacture of products from soybeans that are too numerous to mention. Today these beans are grown in practically all the counties of southern Ontario from the county of Essex to the Ottawa valley.

The Minister of Agriculture (Mr. Harkness) is now faced with ever-increasing surpluses of a number of agricultural products. He is faced with the problem of how and where to dispose of these surpluses. Dry skim milk powder happens to be one of these products of which we have a large surplus. This is a product that has been manufactured within recent years. I feel that with a greatly accelerated research program some use may be found for this skim milk powder other than as a food. The same remarks may apply to many other agricultural products that are in surplus supply.

I have heard it stated on many occasions that 60 per cent of our population depends directly or indirectly on agricultural products or products manufactured therefrom. Before resuming my seat, M. Speaker, may I say that, if given the opportunity of participating in an accelerated research program and presenting views before the committee suggested by the hon. member for Lambton West, the agricultural industry will not only receive benefits but others engaged in other types of manufacturing industry throughout the country as a whole will also receive benefits.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, first of all I should like to take this opportunity, like previous speakers, to offer my most sincere congratulations to the hon. member for Lambton West (Mr. Murphy) upon his introduction to the House of Commons today of a most pressing and timely subject which certainly merits the interest and general discussion of the members of this house. Just a few minutes ago the hon. member for Winnipeg North (Mr. Smith) drew our atttention to the fact that this problem is one which must be faced not only by governments, be they federal, provincial or municipal, but by all segments our society; —government, industry, community associations and labour.

I am more than pleased, Mr. Speaker, that the hon. member for Lambton West, at the outset of his remarks, decided to offer a definition of the word "research". Referring to the Oxford dictionary he gave us a classical definition of exactly what the word "research" means. I say this is most important, Mr. Speaker, because in a very few minutes I want to point out that we are dealing with a subject which is part and parcel of a wider, though not necessarily more significant, subject. I refer to the delicate question of dominion-provincial relations.

If you would permit me to digress for a moment, Mr. Speaker, I should like to relate to this house an incident which occurred a few years ago. At that time I had the privilege of watching a number of sittings of the United States congress. They were dealing with a bill which was essentially a bill related to education but which touched upon many aspects of research. While we must admit that the United States federal constitution is not exactly like that of the federal constitution which governs the Dominion of Canada, one had to admit that congress was experiencing a certain amount of difficulty in securing the passage of this educational or research bill. The reason was that, not unlike the provinces of Canada, the states of the United States of America guarded most jealously their rights over education. Speaker after speaker, therefore, had to get up and demonstrate that this was extraordinary legislation they were attempting to pass, and that certainly it was being passed because of the emergency conditions which, to a certain degree, did exist in relation to research and education. This is one question we can ask ourselves today in relation to domestic and world events. Do emergency conditions exist, not in the definite and dogmatic sense of the word "emergency", but do emergency conditions exist in relation to this problem?

As I said before, the problem of research which has been discussed today must not be necessarily mixed up with the problem of education per se, although it is readily admitted that both research and education are most definitely interrelated. I think that although we as federal legislators are not keen to get up in this house and discuss in their entirety simple matters which fall essentially within the provincial domain, we must be realistic in tackling any question of research in this federal house. We must be realistic and admit that this problem is only going to be solved with harmonious dominion-provincial relations. It is upon this basis that I should like to make a few brief, pertinent remarks.

I do not want to enter the field of partisan politics at the moment, but it is a fact that when this administration assumed office dominion-provincial relations were not good. I think it is fair to say that past Liberal ministers of finance—certainly, it seemed that way to many of us who were residents of the province of Quebec—did not even care to recognize that there was such a thing as a problem existing in connection with tax matters. Since the present administration has come to power the whole atmosphere has begun to change. Time and time again we can see that we have at least recognized the problems and we are going to try to work them out under harmonious and friendly conditions.

At this point, Mr. Speaker, I should like to revert to my initial remarks. I should like to say that it was extremely important that the mover of this motion attempted to give us a very reasonable definition of the word "research".

Many provincial leaders in the province of Quebec naturally have worries when they see a motion of this type in relation to research. Naturally they have worries as to what we think research actually means. Let us consider, for example, the many French-speaking classical colleges and schools in the province of Quebec. What will be defined as research or as aid to research in relation to these institutions? I think it is a well known fact—and it might as well be spoken about and aired frankly in this house—that under the terms of the British North America Act the provincial authorities in the province which I represent guard most jealously provincial rights over education. But that fact should not make us pessimistic in dealing with this most worthy resolution. It should only make us more aware of the absolute necessity for defining the word "research".

Finally, Mr. Speaker, I should like to make a few remarks on the problem of research in relation to some statements made by an illustrious Canadian, a great Christian, a humanitarian, a great scientist, neurosurgeon and neurologist and now in his later years a great author. I refer to Doctor Wilder Penfield, O.M., director of the Montreal neurological institute. I think that we as Canadians should be proud to count him amongst our most illustrious citizens.

I have made a few brief notes here, Mr. Speaker, on some remarks made recently by Doctor Penfield on education and research at the twenty-third annual meeting of the Montreal neurological institute on May 14, 1958. While his report has particular application to the above-mentioned institute, many of his remarks have broad significance in relation to the field of research. As he takes a look at research in Canada today, especially higher

research, he feels that the best educated and trained nation is the strongest and happiest and best able to defend itself and to realize its own potential. The problem of the institute is the problem of many similar institutions in the field of higher education and research. They teach graduate students. They are carefully selected scholars and expert technicians prepared to take up their life's work. Like Doctor Penfield did, they are laying plans. Some will found university or hospital units of their own. Undoubtedly they will secure research grants from some foundation, government or patient.

Doctor Penfield feels that research institutions like nations must take a long view. Certainly, Mr. Speaker, as has been said by many hon. members who have spoken today, Russia and the communist forces are putting a great deal of emphasis on research and development programs. I think we should not regard the whole situation in an atmosphere of panic. While I happen to be one of those who believe that in many ways we have a superior and better educational system than the Russians have, a great many teachers and professors liken our position with respect to the Russians, to that in a sailing race.

Again I should like to underline this whole competitive spirit when I say that we should not always be comparing ourselves in this way or should not always be comparing our methods of research and education with those of the communist countries because comparisons do not always lend themselves to clarity in this instance, as each nation and each group of nations has its own particular background. But at any rate, a great many teachers and professors have likened our research race with the Russians to that of a sailing race; when they say that coming along towards the finishing line there is a great group of sail boats and the majority of the western nations' boats are away out in front but unfortunately the Russian's genius for research or the Russian aptitude for research has the ability to place that one boat far out in front, invariably under extremely perilous conditions.

Very often in research we must permit men to go forward without counting dollars all the time. We must permit men to go forward not always considering whether or not their particular research program will pay dividends in the immediate or near future. We saw that the defence administration of our neighbours to the south not so many years ago made many serious cutbacks on their research program with regard to their defence establishments. Thus in the opinion of many people came about the fact that the U.S.S.R. were able to produce sputnik before the United States were able to produce any similar weapon.

Doctor Penfield goes on to note the stalemate in Canadian education as, for example, in the province of Quebec. He notes that Quebec has returned university grants from the federal government. As he realizes the provinces, as I said before, claim prior responsibility with regard to education per se, Doctor Penfield states: "Let us agree that the provinces are right; let us agree that the actual terms of confederation should be respected on this point." But then the centrifugal aspect of the problem is presented. What now? Are institutions of higher learning to waste away while discussions of political advantage are carried out? Must research stop? Should graduate students stop their work and go abroad?

Viewing the provincial stand he offers a compromise and the compromise is this. Let the national government rescue research in Canada. If this is done in the most effective manner there will be no interference with provincial plans for education. Research is a field in which the provinces take little interest. Yet on the federal level, as has been mentioned previously in the house today, we have a national research council. He feels we might take a look at educational foundations such as the Rockefeller Foundation and the Nuffield Foundation.

Mr. Speaker, I fully realize that perhaps already too much has been said in periodicals and magazines with regard to the fact that our educational systems in the western world during the past years have catered to mediocrity. But in all frankness, I must sincerely count myself among those who agree with this general proposition.

Much has been said time and time again throughout the western world about the rights of the backward student. Too little has been said about the rights of the near-genius, the bright student and even the genius, who are oft times bored to death because our educational and higher educational institutions are geared to the dictates and tastes of mediocrity. Democracy throughout the past years has been noted for its ability to key itself, better than any other political system which history has ever known, to the true aspirations of the individual. As has often been said, Mr. Speaker; the spark from heaven, who picks it up? The crowd, never; the individual, always. It is a research program and research considerations such as we are discussing in this house this evening will cater more to the real needs not only of individual genius but of individual

initiative which is going to build up a bigger and better and a more productive Canada, not only materially but in all those ways which make a strong and young democratic nation such as ours play its real part in world affairs.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I listened with very great pleasure this afternoon to the hon. member for Lambton West (Mr. Murphy) when he proposed this resolution which has to do with research. I also was very happy to hear all hon. members who this afternoon made suggestions and spoke of the significance of research in Canada.

Mr. Speaker, research is at the root of all progress in any country. In that field, we should not leave too much to luck or chance. Developments must be prepared and the march of science must be guided into proper channels. Research should not be restricted to the scientific field but should apply to all areas likely to improve the lot of man. In a country like ours, at the crossroads of two ages and two worlds, it is important to adjust research first to modern conditions and then to the geographical pattern.

Modern conditions, for instance, tend to promote research in the great Canadian Northland, and to intensify it in that area so as to discover the mineral wealth of our soil, like oil, gold or other resources. In the geographic field, research must be activated in that direction so as to improve and develop means of communication throughout the country as they are essential to the uniform development of all parts of a country.

Mr. Speaker, in Canada research can be as vast as the country itself, but must be proceeded with in the same way as was the case for our other natural resources. Canada to date has produced excellent research workers to whom we owe the advance of our country and who have achieved an enviable reputation among the world's scientists.

This afternoon, we in this house had the pleasure to hear the hon. member for Halton (Mr. Best), and hon. members were immediately reminded of the famous development we owe to those two great Canadians, Dr. Best and Dr. Banting, the discoverers of insulin.

Many of our research workers have become prominent in all fields of science. In the field of agriculture, need I mention the famous Marquis wheat, which is a Canadian development? That wheat continues to make Canada better known throughout the world.

Need I refer to such prominent research workers as the late brother Marie Victorin, a great scientist, who had the things of nature at heart but always remained in the field of science. He specialized in the field of plants: botany.

Need I mention Professor Lower, an historian of great renown, or Canon Groulx, a great research worker whose many historical accounts can be found today in all Canadian libraries?

For the moment research in Canada must be placed in its natural setting. Research is being made in the field of science, of pure and applied science. In the field of pure science need I mention the wonderful work accomplished by the National Research Council whose fame is well established throughout the world? In the field of applied science, we have in Chalk River an atomic energy laboratory and it is worthy of note that the research work being carried out there is solely directed to peaceful uses. Canada may not be as advanced in the field of research, as other and more prosperous countries of the world, for instance, the United States who have monopolized the best brains in the world. In fact, Berkeley University, in California, has seven Nobel prize winners among its teaching staff.

Canada is forging ahead in agricultural research, in industrial and scientific research of all kinds, and it can be said that our country, proportionately speaking, considering its population and its financial means, is second to none in the field of research.

In the field of agriculture, for instance, if we refer to pamphlet A52-258, issued in 1958 by the Ottawa Central Experimental Farm, we note that that service comprised 33 experimental farms, one experimental farm for fur bearing animals, 20 experimental substations, 2 research laboratories, 2 forest nurseries, and 244 illustration stations.

In 1958, for instance, there were in the province of Quebec 5 experimental farms, as follows: Caplan, Ste Anne de la Pocatiere, Lennoxville, l'Assomption and Normandin, as well as 3 sub-stations, one at Lavaltrie, in the constituency of Berthier-Maskinongé, one at Ste Clothilde and one at Fort Chimo. According to the latest annual report of the Department of Agriculture, there were in the province of Quebec, in 1957, 44 demonstration farms a figure surpassed only by Saskatchewan with 52 farms.

Mr. Speaker, in all those farms experiments are being conducted to enable Canadian farmers to produce foodstuffs that can compete with those produced by the other countries.

According to the public accounts for the financial year 1957-58, the experimental farm division—and when I say experimental

farms, I mean research in the field of agriculture—included 435 permanent salaried employees receiving an annual salary of $5,000 or more. Among those, 53 only have aa French-Canadian name. Furthermore, 31 other permanent salaried employees received, for the same period, travelling expenses amounting to $500 or more. Among those, 6 have a French-Canadian name.

Mr. Speaker, allow me at this stage to outline in detail the expenses incurred by the experimental stations in the province of Quebec.

Stations	Amount
Caplan	$ 56,722
Ste Anne de la Pocatiere	$ 287,370
Lennoxville	$ 318,635
L'Assomption	$ 190,966
Normandin	$ 184,678
Ste Clothilde	$ 50,092
that is a total of	$1,088,463

made available to experimental stations in the province of Quebec.

Each of the following federal stations benefited from an expense budget which is higher than that of the better treated station in Quebec: Nappan, $322,204; Charlottetown, $322,863; Fredericton, $431,423; Kapuskasing, $361,647; Brandon, $336,223; Swift Current, (including soil laboratories), $689,911; Lethbridge, $674,363; Lacombe, $368,501; Beaverlodge, $362,239; Summerland, $541,472; and Agassiz, $333,395.

This shows, Mr. Speaker, that each one of the experimental stations I just referred to, which are located in other provinces of this country, has a more substantial budget than any other experimental station in the province of Quebec. That is why I urge the government to consider the feasibility of increasing the appropriations in order to speed up research in the field of agriculture, especially for the experimental farms in the province of Quebec.

Mr. Speaker, I consider it a privilege to have in my riding the federal experimental station of L'Assomption. As I just said, the vote granted to this station for purposes of experiment and research amounts to $190,966. In my opinion, it is a meager budget. Once again, I call upon the authorities concerned to consider the possibility of increasing the amounts of money made available to the officials of this station to step up research. I also take this opportunity to urge the Department of Agriculture authorities to hire more staff at the L'Assomption experimental farm, so as to promote research.

Proposal to Increase Research Activities

There are many experiments being conducted at the L'Assomption experimental station, but unfortunately, due to a lack of sufficient staff and funds, those experiments are not carried through as far as they should. Thousands of dollars more would have to be voted to stimulate research for the discovery of milder varieties of tobacco, because as you know, Mr. Speaker, the federal constituency of Joliette-L'Assomption-Montcalm is the leading tobacco-growing area in the province of Quebec. There would also be a need to develop milder varieties of cigar tobacco, as well as other varieties with greater resistance to disease, drought and cold weather.

Mr. Speaker, there should also be more research and more experimentation into the field of chemical fertilizers, in order to develop fertilizers better adapted to our needs, and to increase the yield of Canadian tobacco growers. There is also need for studies in the field of fertilization and into the effects of irrigation on the quality of tobacco and on the soil.

Again in connection with the experimental farm at L'Assomption, there is need for increased research into field crops, gardening and poultry raising.

Mr. Speaker, it is also most important that our research centres obtain the funds they need for medical research; they should be given the necessary funds to step up research in the fields of heart disease and cancer. When a war breaks out, millions of dollars are found for armaments. Today, millions of dollars should be made available to research laboratories to enable them to step up their work against cancer, because we all know that no cure has yet been found for cancer of the blood. Canada has many research laboratories. Allow me, Mr. Speaker, to remind you of the importance of the University of Montreal's institute of microbiology, directed by an outstanding professor, Dr. Frappier. This laboratory enjoys a worldwide reputation; it is a credit not only to the province of Quebec but to the country as a whole.

In the industrial field, many research projects are being carried out. Companies make millions of dollars available to their technologists in order to further scientific progress. Do I have to mention to you that, in the province of Quebec, the city of St. Hyacinthe has a school of research on textiles which is held in high repute even beyond the province of Quebec?

The paper-making school in Three Rivers has a miniature paper mill which is the most

important in the world. In fact, it is ahead of the one found in Grenoble, France.

Research in mining, lumber and paper must also be intensified.

Research in refining and petroleum must also be carried out on a larger scale.

Scientists must be encouraged to do research work, to intensify their research, for instance in the field of humanities, history, folklore and literature.

In the field of history, need I recall the name of Mr. Jean Bruchési, recently appointed Canadian ambassador abroad? It is a recognized fact that he has done much research work in the field of history.

In the field of folklore, need I recall the name of the late Father Oscar O'Brien, and the Alouette Quartette? We also have men who have specialized in literature, including fiction, poetry and radio writing. As for radio, is it necessary to mention the name of Reverend Father Seguin? Many professional journalists also do research work.

Mr. Speaker, we have many scientists, but unfortunately, we may not have enough of them in the field of philosophy and sociology.

In what manner can we promote research? Provincial governments should be encouraged to grant scholarships to students. The Canadian government should also be encouraged to increase the number of scholarships granted for research only or for the exchange of students between countries. Funds should be voted to improve the laboratories, to encourage young people to work in earnest. Finally the necessary grant should be made to research institutions.

Mr. Speaker, I suggest that the national research council be made to act as co-ordinator of research in Canada. Research knows no boundaries.

Perhaps one of the best means of simplifying research would be to adopt the metric system. In the light of studies that have been made, there is no doubt that the adoption of the metric system would help simplify research. Both from a scientific and a practical point of view, the metric system has the unique advantage of being the only decimal-based measuring system where all units, whether geometrical, electrical, thermal, mechanical, optical, or dynamical, are logically interrelated on the basis, as I said, of decimal multiples and submultiples.

It is because of its clarity, its logic, and its efficiency that the metric system, after its creation in 1801, rapidly became the most widely used measuring system in the world. It is now used throughout Europe (except in the British Isles), in all countries of Central and South America—

(Text):

Mr. Speaker: Order. I think the hon. member is rather stretching the significance of this very broad resolution when he begins to suggest the adoption of the metric system.

(Translation):

Mr. Pigeon: Mr. Speaker, I was referring to the metric system in relation to research. I wanted to take the opportunity afforded by the debate on this resolution to deal with it but, in any case, I will have the opportunity to speak on the matter in more detail in the near future.

Mr. Speaker, still as far as research is concerned, I strongly urge students in agriculture, the agronomists, those who have a master's degree in science or a doctorate in agriculture, to go into the federal services. At the present time, according to a list of the staff of the Department of Agriculture, the proportion of French-speaking technicians who should be working in that department is not adequate. I do not want to blame anybody, Mr. Speaker, but I strongly urge the students in agricultural schools, the agronomists, those who have a master's degree or a doctorate to apply for employment with the civil service commission. With their technical training, their general education, the agronomists of the province of Quebec are indeed as well qualified as if not better than, other agronomists of this country. I strongly urge them to go into the federal services. They can look forward to a career, to a future where they are solely needed.

I said earlier that experimental farms in the province of Quebec do not have, proportionately speaking, their fair share of the national income. We do not have a sufficient number of technicians in federal experimental farms of the province of Quebec to do efficient research work.

Mr. Speaker, I wanted to say a few words on that resolution which, in my opinion, is very important to the economic future of this country. I congratulate the hon. member who sponsored it and I can assure you that this resolution has certainly pleased not only all hon. members, but also all scientists, all those devoted to research in our Canadian universities.

(Text):

Mr. John Drysdale (Burnaby-Richmond): Mr. Speaker, I am very glad of the oppor-

tunity that the hon. member for Lambton West (Mr. Murphy) has given to me by putting forth such a resolution because it enables me sincerely to express some of my views, especially in the field of scientific research. I feel, sir, that the criticism that we see from time to time in the newspapers and hear from people across the country to some extent as to the lopsided representation in parliament is justified. By that I mean we have the talking groups of lawyers, school teachers, labour leaders and so forth, as opposed to perhaps the working people, those who are actually doing things, such as the scientists.

Since the beginning of this session I have listened to some observations made on perhaps one of the most outstanding things that affects us world-wide, namely the international geophysical year, which was conceived by scientists down in the United States in April, 1950, and which finally came into existence and ran for a period of 18 months from July 31, 1957, to December 31, 1958. During this time some 30,000 scientists and technicians from some 66 nations took part in a crash program of data collecting to enable us to know a little bit more about this world. I feel, as one of the members of the talking class, being a lawyer, that I am in a rather inadequate position to put forth perhaps the point of view of the scientists; but I feel nevertheless that it is one of the inadequacies of parliament that we have no scientific representation in this group who is able to speak on such an important and noteworthy resolution. Therefore, I have allotted the task to myself with a certain amount of temerity.

The most important aspect of research in the international geophysical year which interested me was the matter of space research. This was accomplished through several means; first, the sounding rockets; second, the earth satellites; and, third, what they call deep-space vehicles. In the first category of the sounding rockets, some several hundred rockets were launched from the United States, the Soviet union, Britain and Japan. In the second category of earth satellites, during the international geophysical year some four were launched from the United States and three from the Soviet union. During this same international geophysical year the only deep-space vehicle launched was launched by the United States, namely the Pioneer, which went up to a distance of some 80,000 miles.

Hon. members may ask what were some of the results that we have obtained so far from the international geophysical year? First, and perhaps the most important in the matter of space research, was the discovery of the Van Allen radiation layer. This is an area of very intense radiation extending from some 600 miles to some 21,500 miles above the earth. Apparently this particular radiation layer is not so dense at the poles. This is of interest to the space research people in the sense that it may pose further difficulties when man eventually travels out into space.

One of the other things which has come out of the international geophysical year so far and which is of interest to us is in contrast with what was thought in 1492 at the time of Christopher Columbus. People laughed when Christopher thought that the earth was round. We have had a vision since 1492 of a round earth. Yet the scientists taking part in the international geophysical year have said that the picture they have now is of a pear-shaped earth, one that is flattened at the poles and somewhat pear-shaped toward the South American region. One problem which has been raised by the activities of the international geophysical year and which would benefit from interest on the part of such groups as ourselves is the question of the distance between the Atlantic and the Pacific because even in this modern age the exact distance is not known. True, it may only be a matter of one or two miles that is involved but even though we are in a scientific era it still is not known.

Another matter of interest is the question of the effect of the tidal waves actually involved in the earth. The earth too has tidal waves exactly the same as water. In fact, the scientists say that places like Hawaii rise and fall several inches in the course of one day. It is hoped that the research of the international geophysical year will give more definite information regarding this particular matter.

I think also of the question of space rockets and space research. As parliamentarians I think we should be very much interested. However, since the beginning of this session I do not believe we have had anything but oblique reference to the international geophysical year and its accomplishments. The postmaster general of the United States of America is interested in transporting mail by rockets. I wonder whether the Postmaster General (Mr. Hamilton) of Canada has given any consideration to the matter or is similarly

interested. Perhaps that is a slightly facetious reference but we are actually in the space era and recognition is being given to such possibilities.

The resolution of the hon. member for Lambton West covers the providing of inducements to promote and accelerate activities in the field of research. So far as scientific research is concerned, I think that one of the first things that we as members of parliament must do is to show some interest in the subject. In my opinion such a committee could give consideration to the establishment of a parliamentary space committee to study this matter and receive reports from scientists as to what is actually going on in other parts of the world with regard to space and other scientific research. I feel that this matter should be of interest and I think that in the very near future we will see the establishment of a ministry of space. With our rather simple legal principles regarding space ownership permeating down to the centre of the earth and somewhere into the upper regions, it will become very important to Canada to have a clear understanding of what control it can and will exert with regard to outer space.

I realize that a small country like Canada does not have the money to enter into space research to the same degree as the Soviet union, Great Britain and the United States but nevertheless I believe that as members of parliament we should show some leadership and take an interest in space research. I believe that the United States has such a government committee and if we had a space committee there could be liaison with their committee. We would then be able to keep in the vanguard of development instead of being still on the ground back in the horse and buggy era while other nations are looking upwards. I believe that the resolution of the hon. member for Lambton West provides an opportunity for Canada to take the necessary scientific leadership.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, like the speaker who has just taken his seat I should like to take this opportunity to congratulate the member for Lambton West (Mr. Murphy) for bringing this matter before the house again. Since I have been a member I know that the hon. member has always taken a very keen interest in this subject and has contributed a great deal to the discussion of it during the time he has been in the house. I should also like to note that while in the past all members of the house have not been entirely in favour of the type of resolutions now before us there has, I am very glad to say, been a change of heart in some quarters. I was very happy to hear the hon. member for Laurier (Mr. Chevrier) and the hon. member for Burin-Burgeo (Mr. Carter) indicate that they were in favour of the resolution.

I was particularly glad to hear this in view of the fact that on March 1, 1956 a similar motion was presented to the house by the parliamentary assistant to the then minister of defence production. The motion at that time read as follows:

> That a special committee be appointed to examine into the role of government in the field of non-military research in Canada, including:
> (a) operations in the field of atomic energy,
> (b) operations of the national research council.
> That the committee be empowered to sit during the sittings of the house and to print such papers and evidence from day to day as may be ordered by the committee and to report from time to time; and that notwithstanding standing order No. 67 the committee shall consist of 20 members.

The arrangements provided for that committee were very similar to the committee the hon. member for Lambton West has in mind but with one important difference. The resolution now before us provides that the committee can call for witnesses and send for documents and papers and goes on to say that the committee should be appointed for the purpose of examining and reporting on the advisability of providing inducements to promote and accelerate activities in the field of research.

The only difference between the two resolutions is that the committee envisaged by the hon. member for Lambton West would have the power to send for experts in the person of professors, scientists, technologists of various kinds, and for documents and papers so that the committee would have concrete information on which to work and would not be working on speculation. However, back in 1956, and I think this is important, Mr. Speaker, the hon. member for Vancouver Quadra (Mr. Green) moved an amendment, seconded by the hon. member for Lambton West, to the government motion, that amendment being in these words:

> That the motion be amended by inserting after the word "house" in the sixth line thereof the following:
> "To send for persons and unclassified papers and records."

It is interesting to note that on that date, March 1, 1956, the members of the government then in power voted against that amendment, the result of the vote being 127 nays and 72 yeas. At that time the three opposition parties, the Progressive Conservatives, the C.C.F. and the Social Credit, all voted in favour of the amendment. It is for this reason that I am very delighted to see that spokesmen for the Liberal party in the house

today have indicated their support of the motion now before us. Apparently they have had a change of heart in the meantime, possibly due to the fact that they now sit across the floor.

I do not wish to take up the time of the house by reiterating what has already been said by many other members, nor to bring before the house questions which I am sure are in the minds of the general public. I refer, of course, to the necessity of basic research being increased in Canada because of the very rapid advancement by what may be considered the potential enemy, namely the Union of Soviet Socialist Republics. There has been repeatedly brought to everyone's attention by the press, radio and prominent speakers the extent to which Russia has been able to mobilize her vast resources of men and raw materials, and also her almost machine-like production of scientists, engineers and technologists. I well recall that in 1956, I think it was, I made remarks in this house dealing with this subject. I do not intend to repeat them now. It is nothing short of a miracle the extent to which Russia has been able to emerge from virtually a feudal economy almost 38 years ago into practically the world's leading industrial power. This has been accomplished by encouraging scientists, technologists and basic research. I think we can learn a lesson from that.

It is true that in this country, the United States and other western countries we have developed a very high standard of living. We have done very well. I think there is a growing tendency, because we have done well from a material standpoint, for our people to sit back, rest on their oars and say, "Well, we are there." The fact that somebody else is coming along makes little difference. But, Mr. Speaker, the people of Asia, Africa and those countries newly formed since world war II do not have what they call luxuries and what we consider as daily necessities. They are getting pretty tired of getting along on mere subsistence. They are looking with eager eyes toward countries which will help them and which can produce what they consider to be the luxuries of life and which, at the present time, we consider to be the necessities. The Union of Soviet Socialist Republics is more and more coming into the position of being able to do this. If we continue to permit the U.S.S.R. to give help and provide the materials which they will be able to do in the future, then there is no question but that we will have lost the economic war which is being waged in the world today. We will certainly have lost it in so far as the underdeveloped countries are concerned. It is true that we have been very helpful to these countries, but if we were going ahead at the same rate as Russia we might do a great deal more. We would not have the worries we have at the present time.

Now, coming a little closer to home, I would say that this problem of encouraging basic research is certainly of great interest and importance to Canada from a domestic point of view. I know that various members have already mentioned the question of basic research. It has been dealt with by others probably better than I could deal with it. However, I should like to point out three things. If a committee such as the one suggested were set up and had the power to send for experts, to send for reports, to look into the matter as carefully as possible, it is quite likely that three of the major domestic problems in Canada might be on the way to solution, not complete solution, but at least a start made toward the solution of these problems.

There is the problem of seasonal unemployment in Canada which we have because of our climate. There is the problem of the huge surpluses, agricultural and otherwise, that have been built up in this country. There is the problem we have as a result of the loss of our domestic and export markets because of high production costs in Canada. In so far as seasonal unemployment is concerned, I am quite sure that if such a committee as is proposed in this resolution were established, scientists and engineers could be called who might suggest avenues of research in the field of winter construction. It is a well known fact that the great problem of seasonal unemployment in Canada is created by the fact that the building industry cannot carry on work during the winter. I know some progress has been made in this field. Only last winter in my own city I saw a bridge being built which had a plastic dome arrangement over it and work which could not have been done heretofore except in the summer months was being done. This bridge was largely built during the winter months.

Further research along this line would greatly improve the possibility of carrying out construction programs in the winter. This would aid in solving some of the problems we have in connection with seasonal unemployment in the building industry. Needless to say, this would be of great importance to this country and in particular to the people who are employed in the building industry. I know of one or two construction firms who are spending considerable of their own money, in a small way, in an attempt to produce metal frames for these plastic domes. These metal frames are put together like the mechano sets with which the youngsters play.

Instead of the wooden frames, which have to be thrown away, these light aluminum frames can be put together quickly to carry this plastic dome, then dismantled and used somewhere else. This is only one example, but it illustrates the type of thing which I have in mind. The results of these projects could aid greatly in ironing out the hills and valleys, as the statisticians call them, in the graph of winter employment in the building industry.

Then, there is the problem which faces the fishing industry in the wintertime because of severe weather. I am quite sure that research into this problem could improve the possibility of conducting fishing operations during the more rigorous winter months. This is the sort of thing that this committee could do which would be of practical help to the Canadian people and to those of us who are busily trying to find methods of solving the seasonal unemployment problem in Canada.

The second thing I have in mind is the huge surpluses we have built up in the various agricultural products. The ones that come to mind, of course, are wheat and dry skim milk powder. No doubt hon. members can think of other things. It is very difficult for various reasons, as all hon. members I am sure are aware, to dispose of these surpluses even on a giveaway basis or at a very low price. I think an effort might be made to find substitute uses for some of these large agricultural surpluses. A scientist friend of mine said that some of his associates were working on the problem of converting some of these agricultural products—I have forgotten which ones but I think wheat was one—into some type of plastic which could be readily used. This would provide a market for some of these agricultural surpluses, and this is another example which illustrates the type of thing that could be investigated by this committee.

Then, of course, there is the very important question of the loss of our domestic and export markets because of the high cost of production in Canada. We all know that Canada faces stiff competition as a result of the low wage levels in Asiatic countries. For example the employees in the plywood industry in Japan receive 20 cents an hour, while in Canada they receive $1.65 per hour. Certainly we in Canada have not the slightest desire to reduce our wage levels. Until such time as the wage levels in these countries catch up to our level, we must find some way of manufacturing in Canada which will enable us to compete with these low wage economies in the east.

There are two ways we can do that. First of all, this committee could look into ways and means of producing new and better products. This would be one method of competing with these low wage economies. The second and obvious way is to find new and better methods of producing present day products. This, again, would be something that this committee could investigate and thus contribute a great deal to the economy of the country. Of course, we all know that many large firms are already spending a great deal of money, time and effort on research, but I do not think there is anyone in this house who would not agree that our research effort in Canada cannot be greatly improved upon.

If this proposed committee had a chance to call all sorts of experts, look into records and information which is available I am sure it would make a helpful recommendation to the government as to how research could best be improved and increased and what inducements would be necessary. It may not be entirely a matter of money. There may be some other method. However, there must be some way of improving and helping to increase research in Canada generally. In particular, I think this committee could look into the possibility of improving research with respect to those three problems I mentioned, namely seasonal unemployment, the disposal of our huge surplus of agricultural products and the loss of our domestic and export markets owing to the high cost of production in Canada.

I should like to close my remarks at this time because I do not wish to go into details. Those are three broad principles which I think could be looked into carefully by this committee. By doing so I think it could contribute a great deal in helping the government to deal with these three problems which have always been with us.

Mr. W. H. McMillan (Welland): Mr. Speaker, this resolution proposed by the hon. member for Lambton West (Mr. Murphy) calls for the setting up of a committee to examine and report upon the advisability of providing inducements to promote and accelerate research activities in many fields. I may say that all hon. members who have spoken here today seem to be in favour of this motion. The hon. member who preceded me said that he hoped the Liberal party was in favour of it and would speak in favour of it. I may say that the members of the Liberal party are very much in favour of this motion and have not provided speakers in the hope that this motion might be voted on before ten o'clock tonight. I have listened to one Conservative speaker after another rise in his place here this afternoon and speak in favour of this motion. If they keep on talking until ten o'clock they will in effect

kill the motion and put it at the bottom of the list, and it will never come up again for discussion this session. One would suspect that they have orders from higher up to keep this debate going on. If they are serious about the matter, I should like them to allow this resolution to come to a vote. I should like to move, Mr. Speaker, seconded by the hon. member for Villeneuve (Mr. Dumas) that the question be now put.

Mr. Speaker: Has the hon. member his motion in written form? If not, will he write it out?

Mr. A. D. Hales (Wellington South): Mr. Speaker, the resolution that has been proposed by the hon. member for Lambton West (Mr. Murphy) has created a good deal of interesting discussion and debate this afternoon and evening. He has challenged us all to give great thought and consideration to his resolution proposing the setting up of a special committee to deal with research as it would affect Canada and our research problems. I propose to talk for a few moments about a field in which I am most interested.

Mr. Chevrier: Mr. Speaker, I rise on a point of order. I believe there is a motion before Your Honour at this time. If the hon. member wants to speak at this stage I think he must speak to the motion. If I am wrong in that interpretation, I hope Your Honour will put me right; but my understanding is that there is before the house a motion which must be dealt with.

Mr. Green: Mr. Speaker, this is all very nice as a bit of clever stage play but the actual fact is that on a motion of this type the hon. member for Wellington South (Mr. Hales) or any other hon. member is entitled to debate the merits of the original resolution.

Mr. Winch: No.

Mr. Green: What we are having presented in the house tonight, Mr. Speaker, is another example of Liberal closure.

Mr. Argue: Oh, oh.

Mr. Green: There is the same objective, with slightly different methods, that we saw in the pipeline debate.

Mr. Chevrier: Mr. Speaker, I should like to say just a word in connection with this matter. Apparently my hon. friend, during his holiday or recess—whether it was out in his constituency or elsewhere—did not seek, as it were, to establish between the two sides of the house the friendship for which he is so well recognized; but the contrary. Mr. Speaker, may I say that I am going to come to the point of order in a moment—

Mr. Speaker: I should not have allowed the minister to depart from the point of order because I now find that the hon. member for Laurier (Mr. Chevrier) also wishes to do so. I think we should stick to the point of order.

Mr. Chevrier: What I was going to say is that there is a motion now before Your Honour. While the Minister of Public Works (Mr. Green) does not like the motion and seems to indicate that it is closure, the fact is that it is just the converse. This is not an attempt to bring about closure but it is an attempt to bring about a decision on the matter. The point of order I raise is that there is a motion before Your Honour and I think we should deal with it.

Mr. Speaker: Can the hon. member give me any citation which indicates what is relevant on a motion of this kind; I refer to the previous question.

Mr. Chevrier: The citation I would give to Your Honour is that which is found at page 20 of the rules, namely standing order 32(1) (c) which reads as follows:

> 32 (1) The following motions are debatable: Every motion: . . .
> (c) for the previous question;—

This standing order can also be read in conjunction with standing order 63.

Mr. Bell (Carleton): Read standing order 51.

Mr. Chevrier: Standing order 63.

Mr. Bell (Carleton): Read standing order 51 first.

Mr. Chevrier: I have no objection to reading standing order 51.

Mr. Hamilton (Notre Dame de Grace): Try citation 196 of Beauchesne where it is stated that debate may continue on the original question.

Mr. Chevrier: Does my hon. friend wish to speak on the point of order? If he wishes to do so, he is quite at liberty to do it. However, I am discussing it now and I am bringing to Your Honour's attention the section which I read earlier and on that basis I say that the motion is debatable.

Mr. Green: There is no point of order in that. At page 165 of Beauchesne's Parliamentary Rules and Forms, fourth edition, paragraph 196, we find the following:

> 196. The previous question is moved when the original question is under debate, in order to force a direct vote on the original question before an amendment is proposed. The form of the motion is "That the question be now put."

That is exactly what the hon. member for Welland (Mr. MacMillan) has moved. Then there is this very pertinent sentence:

> Once it is proposed, the debate may continue on the original question.

Proposal to Increase Research Activities

Mr. Chevrier: Then the whole point is, what is the previous question? There is a distinction to be made between the original question and the previous question. My hon. friend has not made that distinction, so until he brings before the house a rule dealing with the previous question, which he has not done and which I do not think has been clearly established in this house before, then I submit the discussion should be on the motion now before the house.

Mr. Speaker: There is no doubt about the procedure. The motion is debatable, and the debate can continue in much the same fashion as it did before the motion was put, and the members who have spoken before are free to speak again.

Mr. Hales: Mr. Speaker, as I was saying before the other debate developed, I propose to speak on this special research committee more in line with the field of agriculture. I think one should realize just how important research is to this great country of Canada, and one need only think of the great amount of research that was put into the development of the St. Lawrence seaway and what has developed from that research field. Never before in the history of Canada would a research committee be more necessary than it is today, especially in the field of agriculture as mentioned here this afternoon and this evening, due to the large amount of surplus agricultural products in Canada. One only need think of the situation that prevailed during the last war when Germany practically ran her whole regime on the lowly, humble potato and its by-products. They made many things from the potato, and I would think that if we had the research committee that is proposed here today, possibly something similar could be developed from wheat, which is in great surplus in this country at the present time. It is quite conceivable that many products could be made from wheat if the time, the money and the research went into this major problem. It is not many years ago that casein was developed from milk, and from casein they made plastic, and from plastic has developed many, many products.

So I would think, Mr. Speaker, that with the co-ordination of a research committee such as proposed it would go a long way toward helping us develop some other products from our surplus agricultural products. It is generally realized, I believe, that even with the great increase in population and the rising living standards, Canada can produce more than it consumes for many years to come. I think of the field of plant pathology, where many new and better varieties could be propagated in order to produce for Canada some of those products which we are now importing from other countries. I think of the large amount of vegetable oil which comes into Canada from the United States from which we make margarine. I think the field of research could develop suitable varieties from which we could get these vegetable oils. It was that great president of the United States, Abraham Lincoln, who once said that if we buy goods from other countries, they have the money and we have the goods; but if we produce the goods at home or grow the crops, then we have both the goods and the money. It was on that principle, along with the building of a great population, that the United States is now one of the greatest countries in the world.

I think that is a model which we should be inclined to follow more, and with a research committee we could direct our thoughts along these lines. I think that such a committee, if established, would go a long way toward co-ordinating the field of agricultural research. We have across Canada, as you know Mr. Speaker, many experimental farms and also many agricultural colleges. Each is very sincere in developing experimental work, but I think we lack very much a co-ordination between these two great bodies, the agricultural colleges and the experimental farms. If they would co-ordinate this research it would do away with the great waste of time and money which we have today.

Mr. Peters: Let us do a little research into the waste of time we have had here today.

Mr. Hales: The hon. member has had his opportunity.

Mr. Peters: This is what the Canadian people are asking for.

Mr. Hales: My hon. friend has had his opportunity to speak this afternoon. If they would co-ordinate this great research field it would save much time and money and considerably more research work could be done if one organization co-ordinated the whole field of experimental agricultural work. We have had wonderful results in the last few years in Canada in the field of agricultural research study. One only has to stop and think of the development of the famous MacIntosh apple, which apparently originated in western Canada, and also the development of the world famous Marquis wheat. One also has only to stop and think of the great strides and improvements which have been made in the study and research of pasture grasses and pasture improvements so that today we are raising practically

double the number of livestock on the same acreage of grass that we were able to do a few years ago. It is not many years ago that we had to import practically all our tobacco for human consumption, whereas today, owing to the results of great research and study, tobacco is now grown in Canada to fulfil our needs. One only has to think of poultry to be reminded of the great results which research has achieved. Some 20 years ago it took 14 weeks and 12 pounds of feed to raise a three pound broiler chicken. Today this can be done in nine weeks and on seven pounds of feed, and the scientists are looking toward a goal which is even more promising, a three pound chicken raised in six weeks on six pounds of feed. Such great strides as this have been brought about through science and research, but I think that even more might have been accomplished had we received the benefit of a co-ordinating committee set up to direct the results of this research.

Mr. Winch: Are you going to talk this out or vote for it?

Mr. Argue: Are you going to read out this one?

Mr. Speaker: The hon. member who has the floor has a perfect right to speak without interruption.

Mr. Argue: But not to read his speech.

Mr. Hales: I wish the hon. gentleman had prepared a speech for me that I could read.

Mr. Argue: He admits he cannot read it.

Mr. Hales: One can go on to speak of the many directions in which research has proved of value. Today in the city of Ottawa the fisheries council of Canada is meeting. I dare say that they have a research council, but I think they would be appreciative if there was a committee in Canada to co-ordinate all the work which is being done in the industry. I think, for example, of the great lakes system in which at one time there was a bountiful supply of lake trout which could be caught at almost any time. But the lamprey eel has caused such devastation that it is now almost impossible to catch a lake trout. Research will be of great value in helping to overcome this dreaded lamprey eel.

I understand that an agriculture research council exists in Great Britain and that it is achieving wonderful results. The council reports directly to the cabinet on the problems with which it deals, and I believe that we in this country, with our vast natural resources would find such a research co-ordinating body of particular advantage. It is not so long ago that we were ridiculed about our vision of the great north and ridiculed for planning to build roads from igloo to igloo. But great research has been carried out in the northern part of Canada, to the extent that only recently over 70 million acres of land has been sold or leased for development by the oil industry. But the most important function of this proposed committee, as I see it, would be the co-ordination of all the research being done in connection with all the various industries in Canada, because with this co-ordination one can expect greater achievement and greater results. In the course of this debate we have heard some very interesting remarks concerning the wide ramifications of research, and the hon. member for Lambton West (Mr. Murphy) by introducing this motion has provoked long and serious discussion on this subject. I maintain that for a young country such as ours, with our vast natural resources, there is a particular need for a research co-ordinating board in order that we may make the greatest use of the natural resources with which we have been endowed.

Mr. Winch: The hon. member is not checking the clock, Mr. Speaker. Is it okay if I count down?

Mr. Speaker: The hon. member is not contributing to the debate by such tactics and I would ask him to refrain.

Mr. Winch: Every member has supported this motion.

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

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for tomorrow, and for as much of the week as the leader of the house is able to give it?

Mr. Green: Tomorrow we will begin with item No. 39 on the day's order paper, the resolution concerning the bill which deals with freight rates. Then we will take item 30, second reading of the bill to amend the Canada Shipping Act, and next item 35, the resolution concerning the federal-provincial tax-sharing arrangements. On Wednesday we will commence with item 33, second reading of the bill to provide for the appointment of parliamentary secretaries to ministers. As has already been announced, the budget will be brought down on Thursday evening. We expect that estimates will be taken either on Thursday or on Friday, and perhaps on both days, and they will be the estimates of the Department of Agriculture. The intention is to resume the budget debate a week from today and to carry right through with the full eight-day debate.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

STRONTIUM 90—ANALYSES OF AIR, WATER AND MILK

Question No. 132—**Mr. Argue:**

1. Has any recent analysis been made of the air, water, or milk supplies of any of the following cities to determine the amount of nuclear fall-out produced strontium 90 or other long-lived radioactive isotope present: Vancouver, Edmonton, Whitehorse, Regina, Saskatoon, Winnipeg, Churchill, Hamilton, Toronto, Ottawa, Montreal, Quebec, Saint John, Moncton, Halifax, Charlottetown, St. John's?

2. If so: (a) What was the nature of the findings in each case?

(b) How do these compare with the supposed tolerable limit in each case?

(c) Has there been any significant increase in any instance since 1945?

(d) If so, in what respect?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

Air

1. Gross beta activity in air has been measured at the following stations. No analysis has been made for long-lived isotopes:—

St. John's, Halifax, Ottawa, Churchill, Winnipeg, Saskatoon, Whitehorse.

2. (a) There were marked fluctuations both with time and location. (When relatively high readings were obtained, the radioactivity decayed rapidly.)

(b) They are well below the maximum permissible level.

(c) Yes.

(d) In 1945 there was no measurable strontium 90.

Water

1. Yes, for rainwater at the following stations:—

St. John's, Quebec, Ottawa, Churchill, Winnipeg, Edmonton.

2. (a) 1958 (Ottawa) 5 millicuries per sq. kilometer, (Quebec) 7 millicuries per sq. kilometer. Levels for the other stations are being calculated.

(b) Because rainwater is not usually consumed as rainwater no maximum permissible level has been established. However in terms of drinking water the above strontium 90 values are well below the maximum permissible level. In addition, before rainwater reaches the normal drinking water supplies, a number of natural and artificial filtering processes take place reducing the strontium 90 content further.

(c) Yes.

(d) In 1945 there was no measurable strontium 90.

Milk Supplies

1. Yes, at the following stations:—

Moncton, Quebec, Montreal, Ottawa, Winnipeg, Saskatoon, Edmonton, Vancouver.

2. (a) There are reported in CNHW (RP-1), July 1958, and AECL No. 678, July 1958.

(b) They are well below the maximum permissible level.

(c) Yes.

(d) In 1945 there was no measurable strontium 90.

RADIATION LEVELS IN CANADA

Question No. 137—**Mr. Argue:**

1. What radiation levels have been reported in Canada following nuclear bomb tests (in roentgen units for comparison) for each of the last four years?

2. What is the minimum lethal dose (in roentgens)?

3. What is the supposed tolerable level (in roentgens)?

4. Is there any disagreement among scientists concerning (a) the minimum lethal dose; (b) the supposed tolerable level?

5. If so, what are the nature of their contentions, and the names and qualifications of the scientists who made such statements?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Direct measurements of radiation levels in Canada following nuclear bomb tests have not been made because the daily and seasonal variations in the natural background radiation levels are greater than the slight increases produced by nuclear test explosions.

Rough calculations of radiation levels can be made by making certain assumptions and using measurements of the level of radioactivity in air and in rainfall and snow. Such calculations are not being carried out on a routine basis because of the large uncertainties involved. However based on computations for Ottawa rainfall the radiation exposure due to weapon tests is estimated to be 1 per cent or less of that from natural sources, cosmic and terrestrial.

2. A lethal dose for the individual is not defined, but it is generally agreed that a dose of about 400-500 roentgens will cause death among 50 per cent of the group exposed. However, this dose has to be delivered rapidly. For small doses given over a long period of time, the corresponding figure would be much higher.

3. For workers using radioactive materials an exposure of 5 roentgens per year, but not exceeding 60 roentgens before the age of 30 and not exceeding 200 roentgens per lifetime exposure, is considered acceptable.

4. (a) There is no major disagreement with regard to the range of lethal doses.

(b) There is no major disagreement with regard to the maximum permissible exposure for workers using radioactive materials. There is disagreement with respect to the possible consequences of low levels of exposure to whole populations. The degree of uncertainty with regard to the effects of low levels of radiation upon exposed individuals has been very clearly stated in the report of the United Nations scientific committee on the effects of atomic radiation.

5. The nature of the possible difference of opinion has been indicated recently in an exchange of letters which has appeared in the pages of the Sunday edition of the New York *Times*, between Professors Linus Pauling and Barclay Kamb of the California Institute of Technology and Dr. Miriam P. Finkle of the Argonne national laboratory. The opposing contentions in this case related to whether it is likely that there is a threshold level of radiation below which there would be no effects at all even in large populations, or alternatively whether there may be very slight effects upon the incidence of leukaemia and bone tumours, which, in view of a world population of two and a half billion people, might nevertheless affect substantial numbers of individuals in the world as a whole. Professors Linus Pauling and Barclay Kamb are respectively professor of chemistry and assistant professor of geology at the California Institute of Technology. Dr. Miriam P. Finkle is in the division of biological and medical research of the Argonne national laboratory.

FISH CONTAMINATION BY NUCLEAR FALL-OUT

Question No. 139—**Mr. Argue:**

1. Have any communications been received by the Canadian government from any foreign government or agency thereof, or from any other official source, that the fish inhabiting the waters adjacent to our coasts have become contaminated or affected in any way by nuclear fall-out?
2. If so, what were the nature of such communications?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. No.

Questions

2. See answer 1 above.

BACKGROUND RADIOACTIVITY

Question No. 140—**Mr. Argue:**

1. Is any agency of the federal government conducting experiments to determine the level of background radioactivity beyond which there will be danger of genetic mutation in living organisms?
2. If so, have any conclusions been reached as a result of these experiments?
3. Have any hypotheses been formulated?
4. If so, what are the nature of these?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Studies of this nature are not being made because it is believed that the number of mutations produced by exposure to radiation varies in direct proportion to the dose, and that even very low levels of radiation from natural sources cause some of the mutations which are occurring all the time in living organisms. It should be added that although estimates have been made of the possible genetic consequences of an increased amount of radioactivity, the basic information on which these estimates have had to be based needs to be improved.

2, 3, 4. See answer 1 above.

C.N.R. TRAIN WRECKS, NOVA SCOTIA

Question No. 142—**Mr. Argue:**

1. How many train wrecks occurred on the Canadian National Railways lines in Nova Scotia, during the periods between July 1, 1957 and February 1, 1959, and January 1, 1956, and July 1, 1957?
2. What was the cause of each such train wreck during the above period?
3. What was the cost of each such train wreck during the above periods?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1, 2 and 3. The management of the Canadian National Railways advise that the term "train wrecks" is not a precise one, but the tabulation below includes all mishaps of any kind where damage was $750 or more and, as such, classified as reportable accidents.

Statement of Train Accidents on C.N.R. Lines in Nova Scotia for Periods Shown

Period			Cause				
			Mechanical Conditions	Track Conditions	Mechanical & Track	Rule Violations	Miscellaneous
Jan. 1, 1956 to July 1, 1957	Number	30	5	9	None	11	5
	Cost		$ 24,441	$ 52,859	—	$ 40,179	$ 22,238
July 1, 1957 to Feb. 1, 1959	Number	23	5	2	1	11	4
	Cost		$180,094	$ 11,780	$21,699	$170,395	$ 12,430

Questions

TRAINING OF MUSEUM CURATORS

Question No. 214—**Mr. Argue:**

1. What facilities are there in Canada for the training of museum curators and other museum staff?
2. What facilties in Canada are being used for the training of museum curators and other museum staff?
3. What is the function, and what are the duties and responsibilities of a museum curator?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. The national museum has sponsored a week-long seminar—and proposes to sponsor others—for the training of museum curators. The national gallery has a scheme for the training of curators for art museums whereby the trainee receives instruction for an entire school year. Week-long seminars for museum curators are sponsored by the Canadian museum association. These have been held at Jordan, Ontario, at Halifax and at Victoria, and they are arranged by the regional museum leaders of the association. The association also sponsors week end "workshops" which have been held in a number of centres. Workshops are also sponsored by the Ontario historical society, principally for the curators of small historical museums. Members of the Canadian museums association are eligible to undertake home studies for the certificate of the museums association of Great Britain, and several members are currently enrolled in this scheme.

With respect to the training of museum staff other than curators, most of the larger museums in Canada accept individuals who are willing to be employed without pay on an apprenticeship basis with the object of learning the techniques and methods of museum work. The national museum of Canada and the Royal Ontario museum have accepted trainees on this basis, some of whom have been supported by museums sponsoring them and others by grants from the Canada Council.

2. See answer to No. 1.

3. One of the main responsibilities of a museum curator is to preserve and exhibit (as may be appropriate) the contents of the museum or museum section for which he is responsible. The duties and responsibilities vary greatly according to the type of museum concerned, its size and the nature of its contents. They also vary with the emphasis placed on the various phases of the museum's activities. A curator of a large museum normally acquires specimens to add to the museum's collections, studies them, records data about them and supervises their storage and preservation. He supervises the preparation of exhibits displaying them to the public, and explains their significance by the production of scientific reports and papers, which are publicized in scientific and popular periodicals and by means of lectures, radio, television and other media.

BRANCH DIRECTORS, NATIONAL MUSEUM

Question No. 248—**Mr. Argue:**

1. By what authority were the positions of director of the human history branch and director of the natural history branch of the national museum of Canada created?
2. On what date was this done, and by what legal instrument were these positions authorized?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1 and 2. Pursuant to section 9 of the Civil Service Act and under the authority of the Financial Administration Act, the position of director, national museum of Canada was established and approved by treasury board minute 503905 of May 18, 1956. The then government later decided to seek legislation to divide the national museum into a museum of natural history and a museum of human history and decided to create an additional position of director. This additional position was recommended under the Civil Service Act, concurred in by treasury board and approved by the governor in council effective December 28, 1956 as shown in a supplementary list of positions.

NATIONAL MUSEUM BRANCHES

Question No. 250—**Mr. Argue:**

1. By what authority was the Minister of Northern Affairs and National Resources empowered to divide the national museum of Canada into two branches?
2. On what date was this done and by what legal instrument was it carried out?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1 and 2. Pursuant to section 9 of the Civil Service Act and to the Financial Administration Act, the change of departmental organization to provide for the division effective January 1, 1957, was recommended by the civil service commission on December 18, 1956, concurred in by treasury board and approved by the governor in council on December 28, 1956.

FARM EMPLOYMENT PLACEMENTS

Question No. 254—**Mr. Regier:**

1. How many persons were placed in farm employment in 1958 through national employment offices?

2. How many persons were placed in farm employment in 1958 through the immigration department?

3. What is the distribution as to males and females in question (1) and (2)?

4. How many farm employers employed (a) only one person; (b) two persons; (c) three to five persons; (d) more than five persons?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. 89,335.
2. 5,794.
3. (1) 59,055 males; 30,280 females.
   (2) Statistics not available.
4. This information is not available.

C.N.R.—TRANSFER OF AIR BRAKE SHOP

Question No. 268—**Mr. Fisher:**

1. Did the Canadian National Railways move the air brake shop work from Port Arthur to Neebing in the last three years?

2. If so, how many men were involved in the switch?

3. What were the reasons for making this change?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of the Canadian National Railways advise as follows:

1. Yes, in 1957.
2. Five.
3. From an operational standpoint it is considered that Neebing is the appropriate location to perform such work.

C.N.R.—TRANSFER OF AUXILIARY

Question No. 269—**Mr. Fisher:**

1. Did the Canadian National Railways move the auxiliary to Neebing from Port Arthur in November, 1958?

2. If so, how many men were involved in the switch?

3. What were the reasons for making this change?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of the Canadian National Railways advise as follows:

1. Yes.
2. Nine.
3. Studies indicated that Neebing is the appropriate location. In the event the auxiliary is required west of Neebing, there is a time saving through this relocation.

C.N.R. CLEANING PLANT

Question No. 270—**Mr. Fisher:**

1. Is the Canadian National Railways planning a cleaning plant at either Port Arthur or Neebing?

2. If so, when will this plant go into operation, what will be its capacity, and how many men will be required to man the plant?

3. How is such cleaning work being carried on at the present time, and how many men are involved?

4. Will the new cleaning plant have any effect upon the work being done at the Port Arthur repair tracks?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of the Canadian National Railways advise as follows:

1. A car cleaning track has been constructed at Port Arthur.

2. The plant will go into operation this spring. The capacity of the track is approximately 150 cars. Estimated cleaning staff will be approximately 15 and an additional 10 engaged in making light repairs and upgrading cars.

3. Cars are now being cleaned for paper loading at Neebing, for paper and flour loading at Port Arthur, and for general freight on the freight shed tracks. Eleven men are now engaged in this work. Two men are also employed at Port Arthur and two at Neebing engaged in light repairs to cars which are being cleaned.

4. The men engaged in the light repairs on the new cleaning track will be under the jurisdiction of the Port Arthur repair track foreman and will not result in a decrease in the Port Arthur repair track staff.

ST. LAWRENCE SEAWAY—MARINE INDUSTRIES CONTRACTS

Question No. 271—**Mr. Fisher:**

1. Since January, 1952, has Marine Industries received and/or carried out any contracts for the St. Lawrence seaway authority?

2. If so, what was the nature, cost and location of such contract?

3. Who have been the executive officers of Marine Industries during this period?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. Dredging channel, lake St. Louis. Award contract prices, $8,219,000. Awarded March 18, 1955.

Dredging approach to seaway, Montreal harbour. Award contract price, $10,636,000. Awarded March 9, 1956.

Dredging and channel improvements, Cornwall island. Award contract price,$13,-411,000. Awarded January 25, 1957.

Dredging lake St. Francis, Lancaster bar. Award contract price, $384,000. Awarded March 18, 1955.

Supply of sounding sweep No. 2. Award contract price, $65,500. Awarded June 27, 1958.

3. Officers who signed contracts were:

Dredging channel, lake St. Louis—J. Edouard Simard, president; C. Hawken, secretary.

Questions

Dredging approach to seaway, Montreal harbour—J. Edouard Simard, president; L. N. DeRome, managing director, dredging.

Dredging and channel improvements Cornwall island—J. Edouard Simard, president; C. Hawken, secretary.

Dredging lake St. Francis, Lancaster bar—J. Edouard Simard, president; C. Hawken, secretary.

Supply of sounding sweep No. 2—Arthur Simard, vice-president; C. Hawken, secretary.

DR. RICHARD S. MACNEISH—NATIONAL MUSEUM APPOINTMENT

Question No. 291—**Mr. Argue:**

1. On what date was Dr. Richard S. MacNeish first appointed to the staff of the national museum of Canada, and to what position was he appointed?
2. Did this position come under the Civil Service Act and regulations?
3. Was this position advertised by a civil service competition?
4. If so, (a) Did Dr. MacNeish apply? (b) What was the position advertised for, and the date it was advertised? (c) What names appeared on the civil service eligibility list? (d) In what order were the names listed? (e) How many persons applied? (f) What was the closing date for the receipt of applications?
5. Was Dr. MacNeish a British subject or Canadian citizen at the time he applied for this position?
6. If not, has the civil service commission been notified that he had applied for naturalization papers either as a British subject or Canadian citizen by the closing date for the receipt of applications for this competition?
7. If not, on what authority was Dr. MacNeish permitted to compete in this examination?

Answer by: **Hon. Henri Courtemanche (Secretary of State):**

1. Dr. Richard S. MacNeish was first appointed to the staff of the national museum of Canada on June 20, 1949. He was appointed to position, MR-MMU-5 as an anthropologist 3.

2. Yes.

3. Yes.

4. (a) Yes.

(b) This position had become vacant and, since it was considered that no one in civil service possessed the qualifications required, it was advertised as an open competition on March 30, 1949.

(c) The name of Dr. MacNeish was the only name on the eligible list for this competition.

(d) See (c).

(e) Two.

(f) April 23, 1949.

5. No.

6. The civil service commission had not been notified that Dr. MacNeish had applied for naturalization papers as a British subject or a Canadian citizen by the closing date for the receipt of applications in this competition.

7. Dr. MacNeish's application was admitted to competition 49-4450 by authority of P.C. 24/3539 of July 15, 1949, which exempted him from the requirements of section 33 (1), now 32 (1), of the Civil Service Act. This section of the Civil Service Act reads as follows:

"No person shall, without the authority of the governor in council, be admitted to any examination unless he is a natural born or naturalized British subject and also has been a resident of Canada or Newfoundland for at least five years."

STATELESS PEOPLE—CANADIAN REPRESENTATION AT CONFERENCE

Question No. 310—**Mr. Martin (Essex East):**

Is Canada being represented at the conference of 30 nations convened to prepare an international agreement to eliminate or reduce the number of stateless people in the world?

Answer by: **Right Hon. J. G. Diefenbaker (Acting Secretary of State for External Affairs):**

Yes.

BANK OF CANADA BUILDING, HALIFAX—HEATING

Question No. 313—**Mr. Robichaud:**

1. What is the estimated cost per annum of heating the new Bank of Canada premises at Halifax, Nova Scotia, with (a) oil; (b) coal?
2. How many gallons of oil will be required and from what country will it be purchased?
3. How many tons of coal would be required to heat this building?
4. What would be the cost of moving such a quantity of coal into the Ontario market from Nova Scotia at the highest subvention rate per ton applicable?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. Not of government record.

2, 3 and 4. Answered by No. 1.

HOUSE OF COMMONS

Tuesday, April 7, 1959

The house met at 2.30 p.m.

THE LATE DR. ARTHUR BEAUCHESNE

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, while ordinarily no reference is made in the House of Commons to those who in the past have been associated with the house, I trust that I may be permitted to make reference to the passing of one who had a signal honour conferred upon him on September 15, 1949 by a motion of the then prime minister, Right Hon. Louis St. Laurent. I refer, of course to Dr. Arthur Beauchesne. At that time he retired as Clerk of the House of Commons and had conferred upon him an appointment as honorary officer of the house and a seat at the table on occasions of ceremony.

Dr. Beauchesne passed away today in his eighty-third year. He made his mark in life as clerk assistant, to which post he was appointed in 1916, and as clerk of the house from 1925 to 1949. Those of us who were in the House of Commons during the days when he served as clerk of this house recognized him as a great scholar, a student and authority on parliamentary procedure. In his person, and through the instrumentality of his book on the rules of procedure in parliament he gave to parliament a singular distinction. I know that members on all sides of the house would want to pay their tribute to this honorary officer of the House of Commons who, though he retired some 10 years ago, retained a position by virtue of the motion to which I referred. This was not the first time in Canada's history, I believe, but the second occasion upon which an outstanding clerk had been so honoured. I wish to extend the sympathy of the House of Commons to the family of Dr. Beauchesne.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I think it is entirely appropriate that the Prime Minister should have expressed, on behalf of the house, our very great regret and sorrow at the news of Dr. Beauchesne's passing. Dr. Beauchesne, of course, has made a great and permanent contribution to parliamentary government and parliamentary institutions in Canada. He has become over the years as the Prime Minister has indicated, the acknowledged master of parliamentary procedure, and his published works on this subject have become, of course, a bible for us all. As long as we are preoccupied in this house with points of order, rules and procedure, and that will be as long as there is parliamentary government in Canada, Dr. Beauchesne's name will perhaps appear in the columns of *Hansard* more often than that of any member.

His public service to Canada in this and in other capacities extended over many years, indeed until the very last days of his life. I am quite sure, Mr. Speaker, that service will not be forgotten by the country which has benefited so greatly from his work. We on this side of the house should like to join with the Prime Minister in this expression of regret and sympathy to the surviving members of Dr. Beauchesne's family.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. group wish to be associated with the expression of sympathy of the Prime Minister and the Leader of the Opposition. It was my good fortune to serve in the House of Commons from 1945 to 1949 while Dr. Beauchesne was still the clerk. All of us who knew him personally recognized his great knowledge of parliamentary procedure. I think it was fitting that he was interested in parliamentary procedure almost to his very last breath. The fourth edition of Beauchesne's Parliamentary Rules and Forms was published only last year. Dr. Beauchesne has a permanent place in the life of parliamentary government, having served Canada so well and having established himself as Canada's eminent authority on parliamentary rules and forms.

EXTERNAL AFFAIRS

NATO—REQUEST FOR REPORT ON WASHINGTON COUNCIL MEETING

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question. Perhaps I should have asked it of the Minister of National Defence, who was Canada's representative on the occasion in question, but he is not present this afternoon. In the absence of the Minister of National Defence I should like to ask whether the Prime Minister can make a report today on the recent meeting of the NATO council in Washington.

Inquiries of the Ministry

Right Hon. J. G. Diefenbaker (Acting Secretary of State for External Affairs): Mr. Speaker, as hon. members are aware, Canada was represented at the NATO ministerial meeting by the Minister of National Defence who will not be returning to Ottawa until tomorrow, and who no doubt will add to some general observations that I make on this occasion in answer to the Leader of the Opposition in giving to the house a brief account of the position taken by Canada on the principal questions discussed at the meeting.

As a result of the Soviet union's declared intentions concerning Berlin and Germany, the discussions of the council were largely devoted to the consideration of the German problem in its various aspects. The ministerial council received a report from the four powers with special responsibilities for the German question, on the present state of their thinking in respect to those matters which will be the subject of discussion during the forthcoming talks with the Soviet union.

The Berlin issue is undoubtedly one of the most serious challenges that the alliance has yet had to face. Canada considers it imperative that it should not be interpreted primarily as a challenge to our military capability, as a challenge to seek a solution by force. We believe with President Eisenhower, in the words he used some years ago, "there is no alternative to peace". Believing that, the west must therefore try to settle its differences with the Soviet union by negotiation. But if these negotiations are to be successful there is a clear need to clarify western thinking with respect to the grave issues confronting the alliance. This was one of the purposes of the meeting in Washington.

By way of contributing to this process of clarification Canada offered a few suggestions concerning the problem of Berlin. In the Canadian view no agreement can be acceptable to the west which places in jeopardy the security of West Berlin or the freedom of its citizens. It is also the Canadian view that the NATO countries could not accept a solution which might endanger the ties between the Federal Republic of Germany and the other countries of western Europe. Moreover, we could not accept arrangements which might have the effect of foreclosing the prospect of the reunification of Germany.

Hon. members will recall that I made a statement in this house on March 19 in which I expressed the belief that—

—the United Nations might play some significant role in the solution of the Berlin problem, and that this phase deserves further and more careful study.

In the development of this idea the Canadian delegation suggested that the permanent council of NATO study the possibility of a role for the United Nations in the application of a solution for the Berlin problem. I believe the United Nations might play a useful role provided, of course, that a four-power agreement is reached first. The basic role of the United Nations might be to verify that all parties were abiding by the terms of the agreement. An essential part of the agreement might be a Soviet pledge binding itself and its associates to full freedom of access to West Berlin and the acceptance of a "United Nations presence" on the lines of communication to that city. Canada, in advancing these suggestions as a basis for discussion, emphasized that United Nations responsibility for West Berlin would be complementary to the rights and obligations of the four occupying powers.

With regard to the problem of a German settlement, the Canadian delegation expressed the hope that there would be increasing cooperation at the technical level between the federal republic and the East German regime. It would, in the Canadian view, be fruitful to give further study to a proposal originally made by the federal German republic to institute a continuing commission for Germany which would be charged with the responsibility for supervising and promoting progress toward reunification. The Canadian delegation further suggested that the western powers might usefully explore the possibility of some measure of arms limitation which, together with an adequate system of inspection and control, might have a wholesome and calming effect in the European area.

I think we can say with some satisfaction that the four members of the alliance with special responsibility in Berlin not only received with careful attention the suggestion made by the Canadian delegation and other members of the council, but they have agreed to take into account in their preparatory work the views and observations put forward during the ministerial meeting for the difficult negotiations which lie ahead. I submit this is another important development in effective political consultation in NATO matters which will be of great importance to each and to all members of the alliance.

If there are further matters that the minister of defence can bring before the house amplifying what I have stated today, the opportunity will come upon his return to the house.

Mr. Pearson: Mr. Speaker, in view of the fact that the Minister of National Defence, as the Prime Minister has said, will be making perhaps a more detailed statement on an appropriate occasion on his return to the house, I need not comment at any length on what the Prime Minister has just said; but I think

the house will welcome his statement, especially as the NATO communique from Washington was not very comprehensive or informative in regard to the questions which are very much in our minds, particularly the question of Germany and Berlin.

There is no doubt, as the Prime Minister has said, that the west is entitled, and indeed has a duty, to display firmness in regard to the protection of western rights in Berlin, though firmness itself is not necessarily a policy so much as a posture. There are western rights in Berlin which have to be protected, but there are also eastern interests in Berlin and, indeed, in Germany; and the problem is, of course, to reconcile western rights with eastern interests. I think we in this house all agree that this must be done by negotiation and cannot be done by force. It has therefore become a matter for negotiation.

So far as we on this side of the house are concerned, we support the principles which the Prime Minister has in a general and brief way indicated as the basis for such negotiations. We think the Canadian proposal put forward at the NATO council for the introduction of the United Nations into this Berlin situation in some appropriate way was a constructive and imaginative one. We hope this proposal can be followed up by the NATO council.

Mr. Hazen Argue (Assiniboia): We welcome the stand taken by the Canadian government in advancing the possibility of the United Nations playing a useful role in the Berlin crisis. Nothing the west does should imperil either the security or the freedom of the people of West Berlin, but there is a growing feeling, I believe, in the NATO nations that this is a time for negotiation, a time for discussion. Perhaps, working with the United Nations, agreement might be reached which would maintain the security and the freedom of West Berlin while at the same time showing the Soviet union that the western world is prepared to take into consideration its natural fear of a rearmed and reunited Germany.

It is no secret that there are great strains at this time within the NATO organization. We hope that cool heads will prevail. We hope that the stand taken by the Canadian government, the position outlined by the Prime Minister and the position taken by the Prime Minister of the United Kingdom, will prevail to the end that negotiation and settlement may be achieved. We are hopeful that a summit meeting will take place, and that at that time a lasting solution to this problem will be reached.

Inquiries of the Ministry

IMMIGRATION

INQUIRY AS TO RECENT CHANGES IN REGULATIONS

On the orders of the day:

Mr. M. D. Morton (Davenport): I should like to inquire of the Prime Minister whether he has any observations to make concerning recent changes in the immigration regulations.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Minister of Citizenship and Immigration will be in a position to make a statement on this question on her return to the house tomorrow or the next day. In the meantime I think I should make some reference to this matter, particularly in view of certain representations which would appear to have been made for the purpose of leaving an impression that some discriminatory change has taken place under the order in council which was passed on March 19.

I should point out that on May 24, 1956 an order in council was passed, P.C. 784, of which the order in council passed on March 19 was an amendment. That order in council of May 24, 1956, reads as follows, in so far as the pertinent sections are concerned:

20. Landing in Canada of any person is prohibited except where the person falls within one of the following classes of persons who may be landed in Canada if such person meets the requirements of the act and of these regulations:

(a) a person who is a British subject by birth or by naturalization in the United Kingdom, Australia, New Zealand, or the Union of South Africa, a citizen of Ireland, a citizen of France born or naturalized in France or in St. Pierre and Miquelon islands, or a citizen of the United States of America if such person has sufficient means to maintain himself in Canada until he has secured employment therein;

(b) a person who is a citizen by birth or by naturalization of Austria, Belgium, Denmark, the Federal Republic of Germany, Finland, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden or Switzerland or who is a refugee from a country of Europe, if such person undertakes to come to Canada for placement under the auspices of the department or, if the department has given its approval thereto, for establishment in a business, trade or profession or in agriculture;

(c) a person who is a citizen by birth or by naturalization of Egypt, Israel, Lebanon, Turkey, or of any country of Europe or of a country of North America, Central America or South America if such person is the husband, wife, son, daughter, brother, sister, as well as the husband or wife and the unmarried children under 21 years of age of any such son, daughter, brother or sister, as the case may be—

And so forth.

Subsection (c) was amended in only two particulars, one by deleting Egypt as one of the countries, and by altering son and daughter to unmarried son and daughter, and

by the removal of the previous provision covering brother and sister. I point this out because there has been a suggestion that the order in council passed in March was a discriminatory one. I want to say subject to the alterations to which I made reference it is the same as the law has been since 1956 under order in council. I wish to make clear to my hon. friend that anything in the nature of discrimination has no place in our law. I, for one, intend to have this looked into, because the section indicates that the one passed in 1956 had whatever objections can be raised against the present amendment.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I rise on a question of privilege at this time. I did not want to do it a moment ago while the Prime Minister was discussing a matter in answer to a question raised by an hon. member. I say to you with all respect that I do not think this is regular on the part of the Prime Minister. The reason I make that statement is this. It is the purpose of questions in this house, as Your Honour has brought to the attention of hon. members repeatedly, to seek information and to obtain information. What the Prime Minister has done on this occasion is to take an order in council and read certain pertinent parts of it. We do not know the order in council and we do not have it before us. We are not in a position to reply to what has been said.

It is my contention that this is a matter which should be discussed either on the estimates or on some other occasion when a bill is before the house. I do not think it is fair to hon. members on this side of the house to have an hon. member ask a question and then have the Prime Minister by the statement he has made in *Hansard* reply in this manner.

Mr. Speaker: The hon. member has raised a question about our practice, and I think perhaps I should make a preliminary comment on it. I have had some concern about the practice which has grown up of making rather lengthy statements in reply to questions rather than making such statements under the heading of motions, which has been the customary practice.

Today we have had two examples. The Leader of the Opposition asked a question, in reply to which the Prime Minister made a rather extensive statement on a matter of public interest which could have been made as a statement under the heading of motions. Then in response to a question from the hon. member for Davenport we have had another answer which is perhaps more in the nature of a statement, in that it deals with a matter at greater length than has been the practice in answering questions. There is perhaps confusion as between the two procedures which are available at this stage of the proceedings of the house; first, statements by ministers followed by comment by one speaker from the official opposition and one from the other group and, second, the usual oral question and answer practice.

Without giving any settled opinion or ruling I do say this is a problem the house must bear in mind, because it becomes confusing if we do not keep separate the procedure respecting ministerial statements and comment thereon and the procedure as to oral questions and answers.

Hon. Gordon Churchill (Minister of Trade and Commerce): On a point of order, Mr. Speaker, when you are considering this matter I wonder whether you would also take into account the fact that today an additional point of confusion was brought into the picture because the Leader of the Opposition asked a question of the Prime Minister to which an answer was given, and that answer was then followed by a statement by the Leader of the Opposition.

Mr. Speaker: I think hon. members on both sides of the house might perhaps give thought to this matter, because it is important that we know what are the limits of discussion at this time of the day when there is no motion or other matter before the house.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to address a supplementary question to the Prime Minister. Does the Prime Minister not think it was rather contemptuous of the rights of parliament to wait to pass this order in council until immediately after the house had concluded consideration of the estimates of that department?

Mr. Diefenbaker: Well, Mr. Speaker, I am not sure that the hon. gentleman is strictly right in the lecture on procedure inherent in his question, because I seem to recollect that a similar situation arose when he was minister. Possibly he could clarify that.

Mr. Pickersgill: On a question of privilege, sir, since the Prime Minister has chosen to answer a perfectly proper question by a most improper innuendo, perhaps he would substantiate his recollection by pointing to the regulation that was made immediately after my estimates were before the house; because I think he will find some difficulty in doing so.

Mr. L. D. Crestohl (Cartier): May I put another supplementary question to the Prime Minister arising out of the statement he made. Can the Prime Minister inform the

house what the reasons are for reducing the categories of immigrants admissible to Canada?

Mr. Diefenbaker: Mr. Speaker, that would be a lengthy statement, and having listened to your admonitory words I suggest that this would be a question for the minister to deal with at another time.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether the government has received any complaints with regard to the restrictive character of this order in council?

Mr. Diefenbaker: I have seen some statements made by certain members of parliament in criticism of it, and that is the reason I say that matter can be fully looked into.

Mr. D. M. Fisher (Port Arthur): May I ask a supplementary question, which will require a short answer. What is going to be the position of the people who are now in the backlog so far as applications are concerned?

Mr. Diefenbaker: Those which have been proceeded with prior to April 1 will continue to be processed in the usual way.

Mr. Fisher: I have another supplementary question. There is a backlog in Italy of approximately 60,000. As a result of this regulation, do new applications take precedence over the approximately 60,000 already in existence?

Mr. Diefenbaker: Mr. Speaker, the processing operation generally follows the chronological sequence of applications, and that will be continued.

Hon. Paul Martin (Essex East): Will the Prime Minister give consideration to allowing the house to debate this matter at the earliest opportunity? In view of its importance, in view of the many complaints which have been registered, and in view of the fact that the Prime Minister has had ample opportunity to make a long statement and that an opportunity for debate should be afforded to others, will he make provision for the house to discuss the matter at the earliest opportunity?

Mr. Argue: Make your budget speech on that subject.

Mr. Diefenbaker: The hon. member for Essex East knows that in the next few days the budget debate will take place, at which time any member can deal with the question as he sees fit.

Inquiries of the Ministry

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I should like to direct a question to the Minister of Labour. Will he bring the house up to date on the strike situation at the Polymer Corporation, Sarnia?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the hon. member's question I regret to advise that there is not much I can report except to say that, in so far as the Department of Labour is concerned, we have communicated with both parties by telegram offering further mediation services of the department. In reply we have received an acceptance from the union but have not yet heard from the Polymer Corporation. We hope we will receive a reply to our telegram in the next few days. That is how the matter now stands as far as we are concerned.

[*Later:*]

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Labour arising out of the answer he gave to the hon. member for Lambton West a moment ago, in which the minister said that his good offices were being offered in connection with the Polymer strike. Can the minister tell the house what difference there is between this dispute in which a crown corporation is engaged and the dispute which took place earlier between another crown corporation, the C.B.C., and its employees?

Mr. Speaker: I am not sure whether or not the hon. member for Laurier is in search of information or simply making a point. It seems to me it is an argumentative question, and I do not think there is room for that kind of question at this point.

Mr. Chevrier: May I explain what the purpose of the question is?

Some hon. Members: Order.

Mr. Speaker: I shall be glad to hear what the information is that the hon. member wishes.

Mr. Chevrier: I think it is quite in order, sir, to ask a minister why he took a certain action in one case and why he refused to do so in another. That is simply what I was putting to the minister, why he offered his services in one dispute although he refused to do so in another.

Mr. Speaker: I see the minister is anxious to explain, but I am sorry I do not agree that the question should be allowed. If the hon. member wished to ask the minister why

he did a certain thing, that is one thing. This procedure of making comparisons, it seems to me, is going beyond the rules.

Mr. Chevrier: May I ask a supplementary question, then?

An hon. Member: Supplementary to what?

Mr. Chevrier: It is supplementary to the question asked by the hon. member for Lambton West and arises out of the answer which the minister gave. Has the Minister of Labour not received representations from his colleague, the Minister of Defence Production, with reference to the dispute at Polymer, which is under the jurisdiction of that minister?

Hon. Michael Starr (Minister of Labour): No, I have not, Mr. Speaker.

FISHERIES

REQUEST FOR INCREASED ASSISTANCE IN CONSTRUCTION OF VESSELS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Fisheries. In view of the increasing cost of construction of fishing vessels, can the minister advise the house if it is his intention to introduce at this session an amendment to the act or a bill to provide assistance in the contruction of vessels of the dragger or long-liner type, with a view to increasing the present subsidy rate and also extending it to larger vessels?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I want to thank the hon. member for giving me notice of his intention to ask this question. I might say that at the present time there is a complete review of the whole subject of subsidization of fishing vessels under way. No conclusions have yet been reached, however.

With regard to legislation, the authority required is included in the Appropriation Act. Parliament in providing an appropriation for assistance in the construction of vessels of the dragger and long-liner type makes the assistance subject to such terms and conditions as may be approved by the governor in council. Therefore changes, if any, may be made under the authority granted by parliament in this way.

FREIGHT RATES

TERMS OF REFERENCE OF PROPOSED ROYAL COMMISSION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Prime Minister. I assure you, sir, that it is important or I would not ask it. It is our understanding that a royal commission is to be appointed to investigate the entire situation relative to freight rates. Can the Prime Minister inform the house whether or not in the terms of reference there will be authority to study a national transportation policy and make recommendations with respect thereto?

Mr. Speaker: Before the Prime Minister deals with that question, may I ask whether that is not a subject matter on the agenda for today?

Mr. Winch: My question is based upon a press report that a royal commission is to be appointed.

Mr. Speaker: It strikes me that the announced business of the house brings up the question of freight rates in committee, and the hon. member will have an opportunity to deal with that matter more effectively there.

Mr. Winch: I cannot get an answer.

HOUSING

APPOINTMENT OF PROJECT AUTHORITIES—STATEMENT ON SITUATION IN NEWFOUNDLAND

On the orders of the day:

Mr. Hubert Badanai (Fort William): I should like to direct a question to the Minister of Public Works. Do members of a housing authority, charged with the responsibility of administering housing projects, receive their appointment by the provincial government after consultation with the municipal authority? If so, does the federal government intend to change this procedure and make its own appointments?

Hon. Howard C. Green (Minister of Public Works): I wish to thank the hon. member for giving me notice of this question. I also have a question from the hon. member for St. John's East which I shall answer at the same time, and which reads as follows:

> Would the minister comment on the accuracy of a statement made in the Newfoundland legislature, Friday, April 3, by Premier Smallwood, and as reported by the Canadian Press, to the effect "that C.M.H.C. had taken from the St. John's housing authority the possession and administration of 192 rental units, contrary to a 1956 agreement"?

The general practice in setting up authorities to administer dominion-provincial housing projects is for representatives of the two governments, that is federal and provincial and in most cases also the municipal authority concerned, to agree upon the personnel to be appointed to the authority in question. Appointments are then made by provincial order

in council. This plan has been followed successfully in the provinces of Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, British Columbia and Saskatchewan, and there has been the closest co-operation among the three levels of government. In the provinces of Alberta and Prince Edward Island there are no dominion-provincial housing projects.

This course was not followed in Newfoundland, where a St. John's housing authority was set up by the provincial government in 1951. The administration of dominion-provincial projects by this authority eventually proved to be unsatisfactory, and early in 1958 it was understood that inactive members would be removed and that new appointments would be made pursuant to consultation between representatives of the two governments. However, the provincial government failed to carry out such consultations and filled the authority with its own appointees, in spite of the fact that 75 per cent of the cost of these projects, including the cost of rental subsidies, is paid from the federal treasury.

On August 25, 1958 I wrote to Premier Smallwood—I shall table these letters—suggesting a method of co-operating in the administration of the housing projects in St. John's, but have received no reply. I wrote again on October 2, 1958. No reply having been received from the premier to either of these letters, I wrote again on February 10, 1959, as there were two new dominion-provincial housing projects nearing completion, but as yet no reply to the third letter has been received.

In the light of these circumstances Central Mortgage and Housing Corporation, which has been building these two further projects, is administering any units in the two new projects which are available for occupation, and tenants are being chosen entirely on the basis of need, which I am afraid was not the case when the provincial government was administering them. I am hopeful that it will be possible to work out a satisfactory method of co-operation between the two governments, just as has been done in the other provinces.

May I add that press reports indicate that we have been accused of playing politics in the allotment of housing for poor people, but all the evidence I have been able to get is to the effect that the shoe is on the other foot. Hitherto, in some cases, people have had to apply to the provincial government in order to get accommodation. I should like to table these three letters.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I might ask the minister—

An hon. Member: Joe, junior.

Mr. Pickersgill: Mr. Speaker, I wonder if I might ask the minister if he could accept the motion that I put on the order paper last night and table at the same time, so we may have the full story, the agreement or agreements to which the premier made reference in the house of assembly, so they will appear in the record today?

Mr. Green: I am not surprised that the hon. member is seeking some information about what went on in Newfoundland, because the information he has been getting from his friends down there has not been very accurate. One very good example of this—

Mr. Speaker: Order. I hope the Minister of Public Works is not going to enter into a debate at this stage. His beginning seemed to turn that way.

Mr. Green: Mr. Speaker, I was just answering a question asked by the hon. member, and pointing out that one very good example of his lack of accurate information—

An hon. Member: Answer the question.

Mr. Green: —is the fact that there is no such agreement as the one to which he refers in *Votes and Proceedings*.

Mr. Pickersgill: May I ask the minister another question. I listened very carefully to his statement, and I might add that I listened politely to his statement, and the minister used the passive voice by saying that it was understood that something or other was going to happen. Would the minister table the understanding?

Mr. Green: Well, Mr. Speaker, I am afraid that the understanding in this case is not of such a type that it can be tabled, because we thought we would be able to co-operate with the government of Newfoundland on exactly the same basis as we have co-operated with all the other provincial governments in Canada. However, this has turned out not to be the case.

Mr. Pickersgill: Does the minister assert that there are no agreements between Central Mortgage and Housing Corporation or between the minister and the St. John's housing authority; that there have been no agreements since confederation between these two organizations? Is that the assertion the minister is making?

Mr. Green: There were agreements with the provincial government.

Mr. Pickersgill: Would the minister table them, and table them today?

Mr. Green: I cannot table them at the moment.

Mr. Pickersgill: Exactly; suppressing evidence, as usual.

Mr. Green: No, no; don't get so clever.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the great importance of the portfolio of external affairs and the necessity of having a full-time minister at the earliest possible date, has the Prime Minister anything to report as to when such an appointment will be made?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the curiosity of the hon. gentleman will have to remain unsatisfied for the time being.

Mr. Argue: Could the Prime Minister not say when the government will make the announcement, particularly in view of his statement to the house on March 25 that such a statement would be available when parliament reassembled?

An hon. Member: He did not say that.

Mr. Argue: Mr. Speaker, in view of the Prime Minister's statement, I wonder whether he would be prepared to comment on a radio report that the appointment of a minister of external affairs will be made after the budget speech?

Mr. Diefenbaker: Mr. Speaker, I can only give the same answer that I gave a while ago. The curiosity of the hon. gentleman will have to remain unsatisfied until then or possibly later.

POWER

SAINT JOHN, N.B.—STATUS OF AGREEMENT RESPECTING THERMAL PLANT

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. As contractors are at present being invited by the New Brunswick Electric Power Commission to submit bids for substructure excavation and site grading for the proposed East Saint John thermal plant, is the minister now in a position to advise the house if a specific agreement has been signed between the government of Canada and the government of the province of New Brunswick in connection with the construction of the said plant? If not, what are the reasons for such an undue delay in the signing of this specific agreement?

[Mr. Green.]

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, there is no agreement signed between the province of New Brunswick and the government of Canada concerning the East Saint John plant. When I have information that I am able to give to the house, I will give it.

Mr. Robichaud: I have a supplementary question. Is the minister aware that invitations to bids are now advertised by the New Brunswick Electric Power Commission for this project?

Mr. Hamilton (Qu'Appelle): No, Mr. Speaker.

WATER RESOURCES

FRASER RIVER BOARD—INQUIRY AS TO REAPPOINTMENT

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct to the Minister of Northern Affairs and National Resources a question of which notice has been given. Can the minister advise the house whether the Fraser river board has been re-established, and if so what is the present life of the board and its terms of reference?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the Fraser river board has not been re-established. When and if it is re-established I will make an announcement in the house.

TRADE

COARSE GRAINS—PROSPECTS FOR FUTURE EXPORTS

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce of which I have sent him notice. The dominion bureau of statistics publication of April 3 states that the export of coarse grains fell by 6 per cent in the first half of the current crop year and by 40 per cent from the 1953-57 five-year average. Would the minister say what the prospects are for future exports of coarse grains from Canada?

Mr. Speaker: Order. I believe the question was dealt with by the minister a few days ago, but I have no objection to him bringing the answer up to date.

Hon. Gordon Churchill (Minister of Trade and Commerce): No, Mr. Speaker, not this one. The hon. member gave me notice of this question, for which I thank him. His information was drawn, I believe, from the *Coarse Grain Quarterly* published in February by the dominion bureau of statistics, and his

figures are in accordance with that document. On the face of it the picture looks gloomy, but there is a bright silver lining if you read a little further in the booklet, something which my hon. friend did not do.

The coarse grains are divided chiefly into barley and oats. The barley export, which normally runs at about 75 million bushels in a crop year, I think will be attained this year. Our barley exports are a little above what they were a year ago. The barley goes to the United Kingdom in large part and to the United States, Germany and Japan. If you separate the barley from the oats, it is the oats that give the poorer picture because the exports there are down a bit; and that is largely because the export market for oats, running to about 20 million bushels a year, has been largely the United States, and the supply of feed in the United States is 12 per cent greater than it was a year ago. Of course when you put the two together you get an average which gives a poorer picture than is actually the case, because our substantial barley exports will be maintained and the oats picture may be improved.

RUSSIA—REQUEST FOR STATEMENT RESPECTING EXTENSION OF AGREEMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a supplementary question in this general field. Can the minister say what progress is being made in the renewal of the Russian-Canadian trade agreement as a method of restoring our wheat exports, which are also down?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, our wheat exports are running at just about the same level as last year, and will reach the 300 million bushel target this year. The negotiations with Russia are proceeding satisfactorily.

CANADIAN NATIONAL STEAMSHIPS

REPORTED DECISION BY CUBAN GOVERNMENT TO PUT SHIPS INTO OPERATION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Transport. The Toronto *Star* of April 6, 1959 carries a story to the effect that Cuba plans to put into operation eight ships bought by the Batista government from Canadian National Steamships, according to David Salvador, president of the Cuban labour federation. Can the minister tell the house whether this statement is accurate and the ships have in fact been sold to the Batista government, and what has happened to the previous sale to Banco Cubano del Commercio Exterior?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. As I replied on February 17, as recorded at page 1129 of *Hansard*, in reply to a written question by the hon. member, the sale was made by Canadian National (West Indies) Steamships to Banco Cubano del Commercio Exterior, and in reply to a request by the hon. member I tabled the record of that sale. As I understand it, Banco Cubano del Commercio Exterior is the national bank of Cuba; and as the Castro government is the government of the country, I think it reasonable to suppose that the Castro government would see to it that the ships were operated.

FINANCE

INQUIRY AS TO STATEMENT OF GOVERNMENT REVENUES AND EXPENDITURES

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to direct a question to the Minister of Finance. I wonder whether, being under the special stress that we know he is under at the moment, he has noted that the monthly statement of government revenues and expenses has not been provided to the country on the usual due date. In the past it has usually been available on the 24th, the 25th or the 26th day of the month following that report. We have not had the report for February.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I assure my hon. friend that I am not operating under any stress, let alone distress.

Mr. Chevrier: That will come.

Mr. Fleming (Eglinton): With respect to this statement that my hon. friend seeks to have, I can assure him that I am well aware that it has not been issued publicly within these recent days. But when I bring down the white paper tomorrow, as I hope to do, my hon. friend will have there the answer for the full year.

Mr. Benidickson: Would the minister assure us that there will also be outlined the monthly figures for February?

Mr. Fleming (Eglinton): No, Mr. Speaker. There will be no occasion for that in view of the annual figure which will be given. We will give the complete figure, not part of it. I may say, Mr. Speaker, that in this respect I am simply following the course set

by my predecessors, including the time when my hon. friend was parliamentary assistant to the minister of finance.

INDUSTRY

CANNING—REPORTED INTENTION TO REPLACE DOMESTIC WITH IMPORTED GOODS

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has the minister any information which would confirm or deny rumours that the curtailment of operations at Canadian Canners' vegetable canning plant at Strathroy is part of a company plan to replace Canadian production with imported unlabelled canned goods?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the information I have is that the Canadian Canners' operation at Strathroy, Ontario, will be discontinued for this year. I have not been told whether or not the discontinuance is to be permanent, but certainly for this year it will be discontinued because of a surplus supply of canned goods at the factory. The second part of the question I cannot answer, because I do not know what plans may be in the mind of the company.

Mr. John Smith (Lincoln): I would like to bring to the attention of the Minister of Trade and Commerce the fact that in the Niagara peninsula Canadian Canners operated some eight canning plants, but since this new United States company has taken over six plants have been closed. I would like the minister to take that matter under consideration.

POST OFFICE DEPARTMENT

INQUIRY AS TO PURCHASE OF U.S. SCOOTERS

On the orders of the day:

Mr. Azellus Denis (St. Denis): May I ask a question of the Postmaster General. Has the Postmaster General any comment to make about the American scooters purchased from the United States during the Easter recess by the Post Office Department?

Hon. W. M. Hamilton (Postmaster General): Only, Mr. Speaker, that they represent something which I recommended to the previous administration, about which they did nothing, and which I am delighted to be able to commence working on at the present time.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask a supplementary question. Are these American scooters made in the United States?

[Mr. Fleming (Eglinton).]

Mr. Hamilton (Notre Dame de Grace): The company has an assembly plant in Peterborough, Ontario, Mr. Speaker.

Mr. Martin (Essex East): Would my hon. friend give consideration to using his great influence in seeing that the scooters are made in the Canadian automobile plants, where there is so much unemployment?

Mr. Denis: A supplementary question, Mr. Speaker. Does the Postmaster General think these scooters will cause the number of employed personnel to be reduced?

Mr. Hamilton (Notre Dame de Grace): The primary purpose of these mailmobiles, to use the proper term, Mr. Speaker, is to enable us to extend letter carrier delivery into suburban areas where the houses are more widely separated than in the centre of cities, and not in any sense to reduce the letter carrier staff.

Mr. Denis: A supplementary question, Mr. Speaker. Does the minister not think an ordinary bicycle would—

Some hon. Members: Oh, oh.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, we have passed now from a bicycle type of government to a motorized and more efficient modern government.

(Translation):

FLOODS

BEAUCE, QUE.—REPORTED STATEMENT RESPECTING USE OF ARMY PERSONNEL—FEDERAL HELP IN CASE OF DISASTER

On the orders of the day:

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, the Minister of National Defence (Mr. Pearkes) being absent, I would like to ask the Minister of Defence Production (Mr. O'Hurley) a question with regard to an urgent problem quite familiar to him, regarding Chaudiere river which started to act up yesterday, I would like to know whether the people living along its banks can count on help from the army in case of disaster and emergency.

Has the minister read an article published in Quebec's paper *Le Soleil* on Monday, April 6, mentioning a statement by the premier of that province to the effect that the army would hasten to the rescue at the first emergency call for help in case of any threat of an ice-jam or flood on the Chaudiere river?

I would also like the minister to tell us whether he is aware of such a statement by the premier of Quebec and, if so, whether the Minister of National Defence has authorized the premier of Quebec to speak on his behalf with regard to the activities of the army in his province, or whether, on the

other hand, provincial authorities took the necessary steps to obtain some help from the federal government in case of a probable disaster on the Chaudiere river?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I have not read the report published by *Le Soleil,* but I would like to thank the hon. member for advising me by telephone of his intention to ask this question.

I am quite familiar with the problem, and I daresay, on behalf of the government, that we share the anguish and anxiety of people who live along the river Chaudiere at this critical moment. And if the government of the province of Quebec, which is certainly watching any flood menace on the Chaudiere river with the keenest attention, decided to call upon the federal government for help, I would be very happy to speak to my colleagues in the cabinet for the riparians of the Chaudiere and the people of Beauce riding.

(Text):

CANADIAN PACIFIC RAILWAY

WINNIPEG-EDMONTON—PROPOSED REDUCTION OF SERVICE

On the orders of the day:

Mr. Frank Howard (Skeena): I would like to direct a question to the Minister of Transport, of which I have given him notice. I wonder if the minister is able to give the house any information regarding the proposal of the Canadian Pacific Railway Company to discontinue the operation of its passenger trains Nos. 41 and 42, which run between Winnipeg and Edmonton via Yorkton and Saskatoon?

Hon. George H. Hees (Minister of Transport): I thank the hon. member for giving me notice of his intention to ask this question. I am advised by the board of transport commissioners that they have just received an application from the Canadian Pacific Railway Company for an order approving the discontinuance of passenger trains Nos. 41 and 42 operating daily except Saturday between Winnipeg and Edmonton. Some opposition to this proposal has already been registered, and the usual investigation will be conducted by the board in order to determine the effect of this proposal on the railway patrons in the area concerned.

SHIPPING

GREAT LAKES—INQUIRY AS TO JURISDICTION OVER PILOTS AND PILOTAGE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I would like to direct a question to the Minister of Transport which stems from the advertisements in the press in the last few days for great lakes pilots. Do these advertisements indicate that a firm decision has been made that pilots and pilotage will come directly under the Department of Transport, and if so does that mean there is now an agreement with the United States coastguard to this effect?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I would think this question could more properly be asked when the bill dealing with amendments to the Canada Shipping Act comes up. The bill will probably be up today or tomorrow, just depending on when the resolution dealing with the freight rates subsidy passes. The advertisements to which the hon. member refers were published in order to speed up as much as possible the process of having adequate pilots available for the shipping season on the St. Lawrence seaway.

Mr. Fisher: May I ask a supplementary question. Is the minister aware that the salary advertised is $300 or more below that which was paid last year?

Mr. Hees: No, Mr. Speaker.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—REPORTED STATEMENT BY MEMBER FOR ST. JOHN'S WEST

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I would like to ask the minister from Newfoundland whether he has any comment to make on the report which appeared in the *Daily News* of March 31 to the effect that he was going to Ottawa that day "to tell the Prime Minister of the strong feelings here about his term 29 decision", and would the minister tell us what response he got?

Mr. Speaker: I have my doubts about the propriety of that question, on the basis that it really relates to the hon. member's responsibility as a member and not to any ministerial or administrative responsibility which is a proper subject for a question. The rules permit only questions of members in their private capacity relating to bills which they have introduced in the house. It is perhaps a novel point, but that is my view of the question.

Mr. Pickersgill: I would like to raise a point of order, sir. Are we to understand that it is therefore not competent to question members of the administration unless they have specific departmental functions?

Mr. Speaker: I hope I said nothing to give that impression. The question as framed by

the hon. member related, it seemed to me, to the representative capacity of the hon. member.

Hon. L. B. Pearson (Leader of the Opposition): On the point of order, Mr. Speaker, I understand that the minister himself has made certain statements regarding his responsibility for government policy in this matter, and that is why my hon. friend asked the question.

Mr. Speaker: I have no objection to him asking questions of the minister within the responsibility of the government of which he is a member, but I do object to the question the hon. member put.

Mr. Pickersgill: I would like to put a supplementary question. I would like to ask the hon. member, the minister from Newfoundland, if since his return from Newfoundland he has made representations to the Prime Minister about the decision respecting the terms of union.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, that is just a repetition of the last question in more unrefined words. I think you will find support for the decision which you purported to give in citation 171 of the fourth edition of Beauchesne.

Mr. Speaker: It seems to me that the hon. member has not yet related his question to a matter of the administrative responsibility of the government.

Mr. Pickersgill: Then I should like to put the question in another way. Are we to assume, then, that the reason the minister left St. John's so precipitately was that he did not wish to defend his leader?

Mr. Speaker: The hon. member is not improving his position.

GRAIN

INQUIRY AS TO FINAL PAYMENT FOR 1957-58 CROP

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. In view of the approach of the spring seeding season on the prairies and the great need for cash at this time to pay seeding expenses, can the minister say when the long-awaited announcement of the final payment for the 1957-58 crop will be made? Will the announcement be made before seeding?

Hon. Gordon Churchill (Minister of Trade and Commerce): I know the hon. member for Assiniboia is a strong supporter of the wheat board. I am also a strong supporter of the wheat board, and will take advice from them as to when this final payment, which comes normally just before seeding time, shall be made.

Mr. Argue: Is the minister in a position now to tell the house when the payment is to be made? Has he yet received advice from the wheat board with regard to the date?

Mr. Churchill: An announcement will be made as soon as the information is available.

LABOUR CONDITIONS

INQUIRY AS TO EXTENSION OF FEDERAL WINTER WORKS PROGRAM

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Labour. I wonder whether the minister will extend the winter works program for a further month in order to help the hard-pressed municipalities to repair all the potholes across the country—the little ones, the medium sized ones and the big ones—in order that the Post Office Department's new scooters will not all drop out of sight on their first round.

Hon. Michael Starr (Minister of Labour): Evidently the hon. member for Trinity is not aware of the scope of the terms under which this municipal plan was launched by the federal government, or he would not be asking ridiculous questions.

Mr. Hellyer: Perhaps the minister would consider broadening the scope of this scheme.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

The house resumed from Tuesday, March 24, consideration in committee of the following resolution—Mr. Hees—Mr. Sevigny in the chair:

That it is expedient to introduce a measure to direct the board of transport commissioners to require by order the reduction of class and commodity freight rates (other than competitive rates) charged by carriers subject to the order of the board dated November 17, 1958, and to authorize payments to reimburse carriers for the resulting reduction of their revenues up to an aggregate amount of twenty million dollars.

Mr. Chevrier: Mr. Chairman, I have one or two questions which I should like to ask arising out of the discussion which took place the other evening. The committee will remember that the minister, in his statement which can be found at page 2207 of *Hansard* for March 24, 1959, told us that this was a subsidy of $20 million in order to give assistance to those who were affected by the

judgment of the board of conciliation. It was, he said, a subsidy which would last for a period of 12 months.

I have become interested in a number of matters, not only since the minister made his statement but also since I had the opportunity of reading the minister's reply. There are one or two questions which I raised and to which inadvertently, I am sure, he did not reply.

The Chairman: Order. I regret to interrupt the hon. member for Laurier, but it would be appreciated by the Chair if members carried on their conversations outside the chamber. There is far too much noise at the present time.

Mr. Chevrier: Thank you, Mr. Chairman. The question which is uppermost in my mind now has to do with the form of the proposed subsidy. As the minister knows, this is a lump sum payment to the railways designed to alleviate the burden of the authorized increase in rates and, as the minister also knows, the only reason for increasing the rates in this case was because of the decision of a conciliation board in a matter concerning an increase in wages for the railway workers.

My question, then, is this. Does this mean that if a further increase in wages takes place and is reflected in a second increase in freight rates, the government would follow the same pattern and increase the $20 million subsidy to meet the position brought about by the further increase in the rates?

Mr. Hees: That is a hypothetical question and one which I should not care to answer now.

Mr. Chevrier: May I put it this way, then. Is it the intention of the government to tie this subsidy to increases in wage rates?

Mr. Hees: No, Mr. Chairman.

Mr. Chevrier: May I ask just two questions, and then I will sit down. Is it the intention of the minister or of the government to tie the subsidy to the low level of railway earnings from export grain traffic under the Crowsnest pass rates agreement?

Mr. Hees: It is not the wish of the government to tie the subsidy to anything. This subsidy is a specific subsidy designed to meet a certain specific situation. Railway costs went up, justifying, in the opinion of the board of transport commissioners, an increase in the rates. It was the opinion of the government that it would be a fair thing to do to alleviate the burden imposed on the people affected, particularly those who have to pay the cost of the long haul across Canada, and it was for this reason that the subsidy is being introduced at the present time.

Mr. Chevrier: Perhaps I may proceed from here. The minister says it is not the intention of the government to tie this up either to the wage rate increase or to the grain rates. May I then ask the minister what this subsidy is associated with? I am getting away from the word "tied", now, so as not to embarrass the minister. What is the $20 million subsidy associated with?

Mr. Hees: I think I have already explained that as clearly as I can. The board of transport commissioners authorized the railways to increase their class and commodity rates by 17 per cent. It was felt by the government that this imposed an undue burden on those who would have to pay the increased freight rates, and the people who do that are the consumers of Canada. It was for this reason, and in order to alleviate the burden borne by these people, that we have introduced this subsidy. I do not think I can explain it more clearly than that.

Mr. Chevrier: The minister has already told us that, and I appreciate what he has said, but what I am trying to find out is this. What is the formula which is to be adopted in order to provide this assistance which he says the government wants to give to those who are affected by the increase in the rates? He did not say that in the statement. I would like to have some clarification of that. What is the formula that will be applied?

Mr. Hees: Mr. Chairman, perhaps it would be simplest if I read my statement once again to the hon. member, because the whole explanation is in the statement.

Mr. Fisher: The statement is not clear.

Mr. Hees: The statement is perfectly clear, I believe.

Mr. Chevrier: The statement is on the record. If the minister wants to repeat it I am not going to stop him, because that is his privilege; but as the hon. member who has just interrupted said, the statement is not clear and demands some clarification. That is why I put the additional question. What is the formula? What is the basis or method the government or the board of transport commissioners or the Department of Transport will use to distribute the $20 million subsidy?

Mr. Hees: Mr. Chairman, I would suggest that the time when that question could most easily be asked in detail would be, as I have stated, when this bill comes before the committee on railways, canals and telegraph lines. That is the purpose of bringing a bill before

that committee, so that in great detail questions may be asked and answered.

I have told the hon. member generally what is the principle to be employed, and I am afraid I cannot explain it any more clearly than I already have. I feel that the hon. member understands it more clearly than he is letting on.

Mr. Winch: Mr. Chairman, I want to add my words to what has been said by the previous speaker. With all due deference to the minister there are a number of things that are not clear even in the wording of the resolution itself or the purport as given to the committee in the statement made by the minister just prior to the Easter recess. I believe the committee has the right, in view of the importance of this matter, to ask the minister for a lucid explanation and exposition before the bill goes to the committee on railways, canals and telegraph lines.

One point the minister has made clear is that this represents only a temporary alleviation of the freight rate situation. The minister is asking for authority to pay up to an aggregate amount of $20 million in order to reduce the effect of the freight rate increase of recent date by some 7 per cent. But this entire question goes much deeper than that. I sincerely hope that while we are at the resolution stage the minister will take us more fully into his confidence.

This afternoon on orders of the day I endeavoured to ask a question, and I wish now to repeat it in view of the statement made by the Speaker of this house. The question I asked was as follows:

> It is our understanding that a royal commission is to be appointed to investigate the entire situation relative to freight rates. Can the Prime Minister inform the house whether or not in the terms of reference there will be authority to study a national transportation policy and make recommendations with respect thereto?

When I asked that question on the orders of the day the Speaker immediately rose and with the endorsation of the Prime Minister said that I was asking a question dealing with a matter of business that would come before us this afternoon. I am sure all hon. members would be interested in having the minister answer this question. We would like to know what he and the government have in mind with respect to transportation and freight rates, not just for the next 12 months under temporary alleviation in the form of subsidies but in the long term view.

If we can accept what we have heard on the radio and seen in the newspapers it is the intention of the government to appoint a royal commission. Surely it is the responsibility of the minister at this time, when he is asking for a subsidy of $20 million, to tell us what the government has in mind when the 12 month period is over. What has it in mind about the appointment of a royal commission? What personnel will serve on the royal commission? Perhaps of even greater importance, what will be the terms of reference of that commission? Surely this is the time, at the resolution stage of this legislation, when this information should be given to the committee. We sincerely hope the minister and the government do not have in mind simply allowing this matter to drift from year to year in the future as it has in the past.

If the government has in mind the appointment of a royal commission, what will be the terms of reference? Will it deal only with the question of freight rates? Does the government intend to follow a policy of allowing this question to drift from year to year, bringing in temporary measures in the form of subsidies? What we should have now and indeed what we should have had years ago is a thorough study into the transportation system in Canada, out of which would flow recommendations concerning a national transportation policy.

The time is long past when this country should have had a national transportation policy. Naturally there are great difficulties relating to this question. We have in Canada two great transportation systems, one publicly and one privately owned. Irrespective of this we must recognize that Canada is a large country, 3,500 miles in breadth, with a greater land area than the United States and a population of only 17,300,000, according to the latest figures. We require an efficient transportation system. I presume the intention of the royal commission would be to make recommendations in this regard, but as yet we have heard nothing from the minister with respect to this matter. We urge the minister to give us some information on this question this afternoon. We are interested in knowing the terms of reference of any royal commission that may be appointed. In particular we wish to be advised if one of those terms of reference will be a complete study of a national transportation system and recommendations for a national transportation policy. There is certainly a need for it.

I remember that years ago I had the privilege of being a member of the British Columbia legislature, at which time I met a most extraordinary individual. I did not like his politics nor did I like him personally, but I hasten to admit that he was a most unusual man. His name was G. G. McGeer. He was mayor of the city of Vancouver at one time, a member of the

British Columbia legislature, and a member of the House of Commons and the Senate. His was a rather outstanding experience. He was also one of the most outstanding lawyers in the province of British Columbia. Years ago a Liberal government appointed him as its counsel in a hassle on freight rates. I can still recall G. G. McGeer telling me with a chuckle how in five minutes he had won the case for British Columbia by producing a relief map that showed that in the main the territory from Calgary to Vancouver was downhill.

British Columbia won its case immediately but it has not won another case since or none of any importance so far as the transportation system and freight rates are concerned. Anyone who knows our country and particularly the western provinces can see the need for a national transportation policy. If you are a tourist travelling by train there is no question whatsoever but that you should travel on the C.P.R. through the Canadian Rockies and British Columbia's four mountain ranges. The trip is wonderful and the scenery is beautiful but the route is a very expensive one as far as the C.P.R. is concerned.

Yet about 200 miles north you have the C.N.R. line with practically no grades whatsoever. There is the route of freight whereas the C.P.R. line is the route of passengers. However, there has never been any co-ordination or correlation so far as passenger and freight traffic are concerned. Apparently the C.P.R. can set freight rates indirectly one way or another on the basis of their high cost route through the mountains of British Columbia instead of freight rates being set on the basis of the low cost route of the C.N.R.

It would be very interesting if the minister would tell us how fast a train can travel from Vancouver to Montreal. There is no difference in travel time between Vancouver and Montreal in the case of the C.P.R. and the C.N.R. even though the C.N.R. can undoubtedly make the trip in less time. All you have to do is to talk to the engineers, superintendents and firemen. There is no question at all that the C.N.R. could provide a faster trip but for some reason or other it is not allowed to do so. I do not know what the reasons are, but surely there is firm foundation for a real study to be made of a national transportation policy that will give the greatest efficiency at the lowest possible cost in the movement of both passengers and freight.

The fact that this afternoon the minister is asking the house for authority to subsidize both railways, one publicly owned and the other privately owned, to the extent of $20 million in one year provides ample reason for members of the house and taxpayers generally who have to pay the $20 million to ask the Minister of Transport to give the house this afternoon a clearer indication and a better understanding of what he has in mind from a long range point of view, what he intends to do to take care of the situation when the year is over and the $20 million is expended.

We understand, as I said before, that there is going to be a royal commission. We hope the minister will tell us who are going to be on the commission. If he cannot do that, at least he must know now what the terms of reference are. We ask the minister to take us into his confidence, to give us a picture of the terms of reference which will reveal the extent of the study and what authority is going to be given to the commission. We ask the minister to explain, if he does nothing else, whether or not under his direction as Minister of Transport there is going to be in the not too distant future a national transportation policy for the Dominion of Canada.

Mr. Browne (Vancouver-Kingsway): Mr. Chairman, I should like to take this opportunity to make a few comments on the resolution and the whole principle involved in the subsidizing of railroads. Generally speaking I cannot say I am very favourable to the principle of subsidizing railroads because for one reason I do not think it is any solution at all to the freight rate problem. However, I believe it is justified in this case because it is going to help those parts of the country which suffer from discrimination in freight rates and I hope that the royal commission to be established will come up with a more permanent solution.

One thing that has surprised me is that in the course of the debate there has been no mention of what impact the subsidizing of railroads will have on other forms of transport. Surely one of the things that has kept freight rates down throughout the country is other forms of transport, water transport and truck transport. So far as the principle of subsidizing railroads is concerned, I think it would be very dangerous as a long term policy and I was pleased to hear the minister say that this provision is definitely only for one year and that a royal commission is to be appointed to consider the whole question.

There are some things that it will be hard for a royal commission to deal with; in fact, I do not see how a royal commission can deal with them under the terms of reference of the last royal commission. There has been some suggestion that if we have a thorough investigation it will solve the problem forever but no previous royal commission has ever solved it forever and if we have a commission now I do not expect it will solve it forever. However, the commission will probably be

able to make suggestions that will help the situation for a few years. Because the situation changes from time to time I do not think we can expect a permanent solution, no matter what study we undertake now, that will solve the problem forever.

One of the things a royal commission is up against in investigating the whole matter is the difficulty of investigating the trucking industry. I am going to deal with the trucking industry particularly because I happen to know something about it. It is one of the main competing forms of transport so far as the railroads are concerned, and perhaps the real solution to freight rate discrimination would be to have more competition by truck transport in those areas where it is deficient at the present time. Obviously rates have been brought down in those areas where there is considerable truck transport and I do not see why rates would not be brought down if truck competition were expanded in those areas where there is discrimination. It seems to me that would be the logical way to achieve equalization of freight rates.

If we were to adopt a long term policy of subsidizing the railroads in those areas where there is discrimination surely the only thing we would do would be to prevent any competition arising because such subsidization would make it impossible for truck competition to develop. If we were to adopt such a long term policy we would be spending money in this manner which I think could be much better spent to promote the building of highways with the object of bringing down freight rates in that way.

I should like to deal for a moment with two or three aspects of the trucking industry. The last royal commission, the Turgeon commission, was very much aware of the impact of trucking on railways. However, under its terms of reference that commission was unable to go too far in investigating the trucking industry because it did not come within the jurisdiction of the federal parliament. You will recall that the Turgeon report was made before the privy council decided that certain aspects of the trucking industry did in fact come within the scope of the federal parliament.

I should like to bring to the attention of hon. members the various groups that are engaged in the trucking industry and what their effect has been on rail rates. We first of all have the group known as for-hire operators who perform exactly the same service as the railroads do. They maintain their trucks for hire by the general public and they charge a fee for moving freight. The second group involved in truck transport is the private owners. This is a group of businessmen who maintain trucks for the purpose of moving their own goods from place to place. I do not think any real assessment has been made up to the present time of their impact on the field of transportation because nobody on the federal level has had the authority to investigate this question. Since the last royal commission was set up to inquire into freight rates there has been one new segment added to the trucking industry and that is the U-drive trucks. These trucks are leased and a man can hire the truck for a day, a week or a month, to move his own goods.

Now, each one of these segments of the trucking industry has an effect on freight rates. The main point is that there is some regulation, in fact there is a growing body of regulation over the for-hire truckers. However, there is practically no regulation of the private operators, nor do I believe that they pay a fair share of the taxes. I am not familiar with the situation across Canada, but I can speak for the province of British Columbia.

I cannot quote figures which are up to date because the situation has been changed. A department of transport has been set up under the provincial government and some radical changes have been made in the taxation structure. The field of taxation with relation to trucking is quite broad, but one aspect of it is the highway licence which is required. A few years ago I recall that this licence cost in the neighbourhood of $180 for a truck operated by a for-hire operator, whereas the operator using his own truck paid somewhere in the neighbourhood of $5. There are many other fields in which I believe this tax discrimination exists. I feel that it has a great effect on freight rates because these people who operate their own trucks tend to keep down the rates of the for-hire operator. Shippers tend to say to the for-hire operators, "If you do not keep your rates down, we will buy our own trucks." This, in turn, has caused the railroads to set up what they call competitive rates across Canada.

It is my contention that these competitive rates are, in many instances, too low. I believe this has resulted in added freight rate discrimination because obviously the railroads have to be aware of their total revenue situation. If they cannot get revenue in one place, obviously they have to apply higher rates wherever the traffic will bear them. I think this fact is to a great extent responsible for the discrimination that exists in freight rates today. I do not see how any investigation by a royal commission that does not have authority to deal with all the aspects of trucking, and to determine whether trucks are paying their proper share of taxation for

the use of the roads, and various other questions of this nature, can ever arrive at any proper settlement of this freight rate question. I do not think we should even consider investigating the railroad industry by iself, without taking into consideration the trucking industry, water transport and air transport which I am sure as time goes on is going to become more and more important.

I know that somebody is going to tell me we will not have authority to do this because trucking comes within the jurisdiction of the provinces. However, I want to say this: most of the people who come here to make complaints about freight rates have been the provincial governments. I certainly feel that under the circumstances, when the provincial governments have such a great interest in this matter, there could be more co-operation between the federal and provincial governments. We seem to arrive at this same situation in so many fields of legislation today. When we come to deal with some subject we find that part of it comes under the federal government and part of it comes under the provincial government. I believe that the question of freight rates is one subject where the interests of these governments are common. It may be that whatever type of commission is set up, eventually provincial representatives of some sort could be appointed. In any case, I certainly believe that any investigation must take into consideration the impact of the trucking industry on this whole question of freight rates.

There are one or two other things that I believe the federal government could do which would help the situation. At the moment there are no provisions under the Railway Act for the trucking industry to appear before the board of transport commissioners when freight rate hearings are held. I believe that the trucking industry has now reached a stage in which it could provide valuable information to the board of transport commissioners in making decisions. It may well be that the discrimination in existing freight rates comes about because they are too low in certain areas and, consequently, have to be raised too high in others. We have the railroads setting competitive rates. They say the rates are there to meet the competition of trucks or to meet the competition of water carriers. The water carriers are able to appear before the board of transport commissioners and state their views as to whether or not there is a competitive rate. In so far as the trucking industry is concerned, they are not allowed to appear before the board of transport commissioners to state their views on this matter.

It may well be that the competitive rates of the railroads in those areas where they are meeting truck competition are lower than they need to be to meet this truck competition. I should like to cite one example of this which has come to my attention in British Columbia. I do not know to what extent this situation exists across Canada, but here is one instance in which the competitive rates of the railroads have been below the existing truck rates. It seems obvious to me that if the railroads lower freight rates in one place like that, then they have to raise them higher in another area in order to keep up their total revenue position. I do not think we can accept the fact that just because the public is making a saving in one particular area it is for the general good to have the railroads do that.

There are only two results which can flow from this practice. When the railroads cut rates below the trucking rate in a specific area, either the trucks in that area are put out of business or else they have to meet the rail rates. The result is a net loss of revenue for the railroads. Perhaps that is one of the reasons we are now having to subsidize the rates as we are being asked to do by this resolution.

Here is a particular instance in British Columbia as outlined in a submission made by a tariff agent for the trucking industry in British Columbia. This case illustrates the necessity for the trucking industry being allowed to appear as an interested party before the board of transport commissioners when hearings are held. This brief has been submitted to the board of transport commissioners, along with a request for a hearing, and I have been informed since that the board has turned down this request. I do not want to get into too much detail here, so I am just going to give you a general picture. Before the railroads asked for their 17 per cent increase the rate charged by both rail and truck transportation was $1.20 per hundred pounds for this particular haul. When the 17 per cent increase in rail rates went into effect the rail rate went up to $1.40 per hundred pounds. The trucking industry, which was having its own difficulties in getting along on the rates being charged, applied to the public utilities commission in British Columbia for a 17 per cent increase so that the rates would still be competitive. However, the public utilities commission did not grant the full 17 per cent in this particular instance. They granted the trucking industry only 8.5 per cent. The trucking industry accepted this for the moment and prepared to fight the case for the second 8.5 per cent.

In the meantime the railroads reduced their rates down to $1.10 per hundred pounds. Surely, if there was any need to reduce them

there was no need to reduce them below what the trucks were charging because that certainly resulted in a net loss of revenue to the railroads. As I pointed out before, the obvious thing that is going to occur is that the trucking industry will meet these rates. The net result will be that the railroads will have a loss of revenue without a net gain in traffic. This is another factor in the freight rate situation which is facing us now, and may be one of the reasons we are being asked to subsidize rail operations.

If I may sum up, I should like to impress upon the government once again my hope that whatever commission is going to be set up it will be one which will investigate fully the impact of the trucking industry in all its aspects, for-hire truckers, people operating their own trucks or U-drive trucks, upon the freight rate structure.

I firmly believe that it should be done in complete co-operation with the provinces. Before a commission is empowered to undertake this investigation I believe there should be consultation with the provinces to cover the aspect and to see if some agreement cannot be reached, to investigate whether trucks across Canada as a whole are paying their fair share of the taxes and to see whether trucks are paying too low a rate in some areas are not making rates sufficiently low in those areas and thereby causing the railroads to put their rates too high in other parts of the country.

Mr. Badanai: Mr. Chairman, this subject of freight rates is of vital importance to my constituency. I should therefore like to give a few facts and figures which are pertinent to our economy. Now that the Minister of Transport has arrived on this side of the house I am sure we will get what we ask for.

I am in receipt of several communications from various lakehead firms objecting very strenuously to any freight rate increase for northwestern Ontario. These letters also demonstrate the alarm that is felt in connection with the so-called "alleviation of discrimination" in how the proposed $20 million subsidy will be applied. If northwestern Ontario is not given the same measure of consideration which is being given to the western provinces it could mean, not only hardship to the people of northwestern Ontario but also a terrific burden to many of our firms and industries.

The failure of the province of Ontario to join the other eight provinces in protest against these freight rate increases for the people living in the northwestern part of the province, which is approximately 1,000 miles from Toronto, is the proof that the government of Ontario is not really much concerned with its welfare. It is again an unchallenged reminder that northwestern Ontario should have been a part of Manitoba, as it is generally conceded that the interests of that part of the province are clearly more closely linked with the prairie provinces by reason of the fact that the lakehead is the transshipping point for grain, iron ore and general merchandise.

I could not do better justice to the subject than to quote a few paragraphs from a file of correspondence in support of government consideration of measures which will ensure a fair deal for northwestern Ontario. I have a letter from the general manager of the Northwestern Ontario development association which reads in part as follows:

> Announcement was made recently by the federal government that it plans to appoint a special body to review the general field of rail problems and freight rates. Also announced was the intention to undertaken a study "to work out measures to relieve against inequities in the freight rate structure."
>
> According to press reports emanating from Ottawa, serious consideration looms of a more favourable freight rates deal for the four western and four Atlantic provinces. In the middle province of Ontario, the problem confronting our northwestern economy is obvious.
>
> The recent 17 per cent freight rate boost, unopposed by Ontario, placed an additional heavy burden on our northwestern industries, business firms and consumers. The railways have announced their intention of applying for a further rate increase.
>
> Our association, with other regional bodies, is endeavouring to compile a fund of information and evidence to support whatever representations might be made later in behalf of our area to the proper authorities.
>
> If we are left outside the areas to which concessions might be granted in any freight rates overhaul, the disadvantages to our existing economy would be serious and our prospects for continued growth dealt a damaging blow.

Only the other day I received the following telegram from the chairman of the joint transport committee of the cities of Fort William and Port Arthur:

> Unless proposed freight rates subsidization offers northwestern Ontario same assistance as Manitoba discrimination should be charged.

I have here a communication from one of the large departmental stores. It reads in part as follows:

> We learned that there may be consideration given a request by all provinces, excepting Quebec and Ontario, which would have the effect of eliminating all or part of the last (17 per cent) freight increase. We are in sympathy with Manitoba's views, but we are deeply concerned about the problem of cost differential which our company would face on goods entering our area from Manitoba. And we know that in order to be competitive, we must make every effort to appeal that the same concession apply to northwestern Ontario.

We handle in excess of $7 million at retail,—a large percentage of this volume comes from operating branch stores in the following locations:

Marathon	—198 miles east of the lakehead CPR
Geraldton	—189 miles east of the lakehead CPR
Schreiber	—120 miles east of the lakehead CPR
Beardmore	—120 miles east of the lakehead CNR
Red Rock	— 70 miles east of the lakehead CNR CPR
Atikokan	—135 miles west of the lakehead CNR
Dryden	—230 miles west of the lakehead CPR

I believe you know that transportation cost hits our type of business heavily, because thousands of small lot shipments are involved. Also, it is necessary to redistribute the bulk of our merchandise from Fort William to our branch stores. This further increases our transportation cost.

It has taken many years to build up this business, and transportation costs have been one of the biggest factors we've had to contend with. The distances mentioned in the above list help to explain why this is so.

Horizontal increases in freight rates work against us in securing supplies as well as in distribution. Protests from our trade have been plentiful against absorbing the last 17 per cent increase. Any easement in this rate, applicable to Manitoba, which was not extended to our territory would be to create unfair competition in goods into our area from Winnipeg. This would be a discrimination which we most strongly protest.

Then again I have received several others. I do not wish to read them all. I have one here in particular concerning a large hardware store also located at the lakehead. It reads as follows:

We are writing you in connection with the proposed increase in freight rates, particularly west of the lakehead.

We are given to understand that manufacturers in the east can ship to wholesalers, such as ourselves, in Winnipeg, at the old freight rate, both in carload and l.c.l. shipments. We also understand that they are able to ship from Winnipeg back to Ontario at the old freight rate.

On the other hand, we understand that on shipments from manufacturers in the east to distributors, such as ourselves in the lakehead, we are forced to pay the increased freight rate. When we ship to places such as Dryden, Kenora, Fort Frances, and Atikokan, we are charged the new increased freight rate.

If this information is correct, we wish to offer a very strong objection, for to us this is rank discrimination. We have already run into a situation with one of our competitors in Winnipeg shipping nails to Atikokan at a much cheaper price than we can offer, shipping from the lakehead. We have no way of knowing whether these are imported nails, which are considerably cheaper, or whether the above freight rate structure affects this price. This is just one item that we can think of at the moment. This could also apply to other lines of hardware.

We would certainly appreciate you taking this matter up with the transport board, and register our strong objection.

Then there is another one which says:

The situation here can be put briefly, but is, nevertheless, extremely serious. Our company operated during 1958 at a new loss of $557,488.73 and during this time we paid out $988,689.35 in freight charges. These charges of course were at the old rates before the 17 per cent increase.

As can be seen from the above, any freight increase is an extreme hardship to us and further increases are beyond all reason. We are beginning to wonder how long it will take to squeeze us out of business.

I trust that the above will be of some help to you. Should you require further information by all means get in touch with me again.

Then there are others, but I do not wish to take up the time of the committee in dealing with all this correspondence which I have received. But I would just say in conclusion that in view of these representations founded upon indisputable facts, I submit that the government should give a clear indication that in the assessment of rates the voice of northwestern Ontario will not go unheeded.

Mr. Smith (Calgary South): Mr. Chairman, I do not intend to take any more than a few minutes of the time of the committee; nevertheless I want to express a view which I offer not as a solution but as a suggestion. In making it I do so because we have had many members express concern over the problem of the rate structure as it affects many areas of Canada, particularly those hon. members represent. I think it is hardly necessary for me to point out that the rate structure as such reveals some inequality of rates, which perhaps penalize the area which I represent more than any other section of Canada, and thus I am also concerned. The problem is indeed acute. I think the point which we must remember, however, is that it is going to become a great deal more acute unless the action which has been suggested by the hon. minister is taken and acted on, because it has been indicated to us by the railways that in the next fifteen years they are going to require about a billion and a third dollars. These dollars are to be used purely for replacement costs and the extension of new services. So that while the situation is critical today, and we have a history of going from one crisis to another and from one increase in the rate structure to yet another, each of these adjustments has not altered the position nor has it attacked the problem at its source.

The source of the problem is to put somehow the railways on a paying basis. That is not just a pious hope; it has to be effected, otherwise, as previous members have indicated, we will never reach a solution either temporary or permanent. Therefore I think we should first of all recognize the need for the subsidy which has been indicated in the resolution, and while we can state that we oppose subsidies, it is intended by the government only as a stopgap until such time as the whole problem can be dealt with. This, it has been clearly indicated, will be

followed by the royal commission and any action recommended by that commission will follow in due course.

I have said that the railways indicate to us that they are going to have to undertake very sizeable capital expenditures. These amount to about $83 million a year. Therefore, if we are going to attack the source of the problem, we are going to have to provide for them a source of revenue in addition to the ordinary operating revenues which as a corporation they receive. I think then it is essential that the commission recognize, as the government does now, that the next ten years are going to be more difficult than the past, because the call on our railways to meet the demands for new services and the need for the replacement of present equipment has never been as extreme as it will be in the coming years.

The suggestion that I have made is that a capital fund should be established by the government which would operate on a revolving basis over the next ten-year period, and on which the railways would be permitted to draw at a nominal low interest rate. That would get them over the hump so that they would not be required to come back repeatedly for increases in freight rates just to make temporary adjustments, thus delaying the eventual day of reckoning. I suggest that the capital fund if established would not be unlike a partial solution which the United States has followed in offering to the railways guaranteed loans to meet exactly the same situation. They have taken this positive action together with reducing services to certain areas where the railways have been asked to operate, for which there is little desire by the community and very little hope of any practical revenue being derived by the railways concerned.

I believe, then, in summary, that in order to place the railways on a paying basis it is not sufficient merely to adjust the inequalities in the freight structure but rather we are going to have to meet the costs of operation which cannot be met by current revenues. I suggest that a capital grant to the extent of about $30 million during the initial period, on the basis which I have suggested, would meet the urgent demand, thus endeavouring to attack the source rather than make, as I have said, a temporary adjustment. That is the one thought which I have with respect to the monetary aspect of the problem.

I also have two other suggestions. The first is a subject which has been mentioned by the hon. member for Vancouver-Kingsway dealing with competitive transportation, and in particular motor transport which serves and connects the various provinces in Canada. It does seem to me that we are going to have to come to the day when we must place all competing forms of transportation under one administrative body to determine the relationship of the tariffs which they charge in competition with one another. It seems inconsistent to me to have a competitive system where one means of transportation is kept under a fairly tight rein, examined and made responsible by the government of Canada as a public convenience, and the other is left completely without any form of control. I have noticed a growing desire amongst the transport companies themselves to see at least that their rates are published on a federal basis, because they are not concerned, funnily enough, with the competition of the railways but are concerned with the competition of those who undercut in their the competition of those who undercut in their own business of transport. So I see a need for a different approach to bring about regulations which will relate one competitive mode of transport and another in their respective rate structures.

The third suggestion I offer is directed to the old problem of agreed charges. These are charges which are made between the railway company and the shipper whereby he agrees to ship a high volume, up to 80 per cent, of his traffic through the particular railway concerned. It was designed in a special instance to compete with certain other forms of transportation, mainly by water, and I think this is paradoxical inasmuch as it eliminates competition, especially as far as truckers are concerned. I think we should examine the agreed charge system carefully, because to a large extent it has increased the cost of transportation, certainly into the prairies. It is an established fact that in many instances it is possible to ship products from eastern Canada to Calgary cheaper via Vancouver than by shipping them to Calgary direct. I maintain that agreed charges have not served the purpose which they were intended to serve. This is an area which should receive close scrutiny in an effort to deal with the source of the problem. Nothing else will be sufficient. Unless we succeed in meeting this problem the entire financial structure of the railways could collapse around them. It is therefore of vital importance to find some constructive solution to the problem of how they are going to meet their very extensive costs over the next 10-year period.

Mr. McMillan: Mr. Chairman, before this resolution passes I should like to direct a question or two to the Minister of Transport. I understood him to say the other night that shipments across the international boundary line between Canada and the United States would not be subject to the increase in freight rates. I would point out that shipments from

Michigan, and particularly shipments of farm products, get the benefit of a cheaper rate to Toronto than do farm products from the Windsor area in Canada, and I should like to know from the minister whether or not the increase in freight rates will give United States farmers any further advantage in connection with getting their products to Toronto and to other Canadian markets.

Another thing which has been brought to my notice is the fact that Canadian farmers can ship to points in eastern Canada—to Montreal for instance—from the Essex-Kent area by routing their shipments by way of Detroit. These products are carried by United States railways to Montreal and points east. I should like to ask the minister to comment on this aspect of the question.

Mr. Martin (Essex East): Just before the minister comments on the statement made by the hon. member for Welland, I should like to join with him in asking the minister to give consideration to the question which has just been put to him because it is a very serious one for the farmers of southwestern Ontario.

Undoubtedly the interest of the hon. member for Welland in this matter arises from the fact that he was born in the district and, more particularly, that he joined with a number of us during the Easter weekend in giving consideration to some aspects of this very problem. The increase in freight rates does seem to give United States farmers—farmers in Michigan, for example—an advantage over farmers in Essex or in Kent—corn growers or soybean growers in both jurisdictions—and if the advantage is as great as it would appear to be, the situation is undoubtedly a very serious one. The question implied by the hon. member for Welland is this: is it not a fact that a farmer in the state of Michigan, for instance, is able to ship corn or soybeans in competition with the Canadian growers into Canada over Canadian railroads with an advantage denied to Canadian farmers as a result, in this instance, of the increase in freight rates?

This situation is, I know, not one which arises as of yesterday, although the particular situation which does confront the farmers in this district is one which is accentuated as a result of the increase in freight rates to which the government acceded a few months ago. The situation is, of course, serious in its basic quality. It is possible for farmers to ship corn from Chicago to points in Canada cheaper than it is possible for Canadian corn growers or Canadian soybean growers to ship those commodities to various points in Canada from a Canadian point of origin.

If this action of the government will lead to a settlement or a resolution of the long term problem which I have just mentioned, or of the short term one created by the increase in freight rates, there will be much satisfaction. In any event I strongly support the implication of the question put by the hon. member for Welland as to whether or not something can be done immediately to take care of the discrimination which now exists and which allows such preferential treatment of United States farmers as opposed, say, to farmers in Essex and Kent who are confronted with the burden of these increased freight rates.

There is also, of course, the long term question of being able to ship United States farm products from points in the United States into Canada cheaper than they can be shipped from points in Ontario such as Kent and Essex to other points in Canada. It seems to me that the whole question of the depressed state of agriculture in this particular section is in a large measure attributable to the defects of the freight rates structure. This might be an appropriate moment for the government to take a second look at the whole problem and try to bring relief to thousands of farmers in southwestern Ontario, notably in the counties of Essex and Kent.

Mr. Fisher: I was hoping that the minister would answer some of the questions put to him as we went along, but I will give him a few more to answer later.

The minister obviously feels, since he has tried to repeat his original statement several times, that it is a model of clarity. I have gone over this statement, and this model of clarity makes very little sense. I took home with me copies of the debates on this subject which occupied the house just before the recess and gave them to a couple of acquaintances of mine who are the only people in our area, I would say, who are knowledgeable on the question of freight rates. I asked one of them for his comments afterwards, and he said: "It seems to me that most of the people in the House of Commons who speak on freight rates are boobs." I said: "Well, it is a very complicated topic and you must understand we are just amateurs at this sort of thing." He said: "Yes, but it seems to me that the biggest boob is the Minister of Transport, and he is the man who is supposed to have a policy on it."

What hits me about this statement is that I do not think the minister wrote it. I think it was written for him, and I think that is one of the reasons he sticks so closely to it. I do not think the minister understands much about what this interim policy is going to

mean any more than we do, and I think there are some questions which should be answered before this is referred to the committee.

This is one of the techniques employed by the minister. He appeared to say, "Let us get this thing to the committee where we will have all the technical people and all your questions will be answered in detail." My experience in committees, which is admittedly brief, has been that when we get to the committee with all the experts very soon we poor amateur boobs, the members of this house, quickly find ourselves out of our depth. While we are in this committee and amongst our peers—especially our peer the Minister of Transport—I think this is the time when we should have the preliminary exposition as to what the interim policy will be.

I should like to know from the minister how this will apply in an area way. Will we land in the committee on railways, canals and telegraph lines and find that we have representatives there from eight provinces, each representative stating his case, or will we have to ferret out from the representatives of the minister exactly how it will bear provincially or on a regional basis? These are some of the things I think we should know from this statement.

I should like to know what the minister meant by the statement he made on March 24 in introducing this resolution as reported at page 2207 of *Hansard* of that date:

> The government has decided that the most effective relief is to be afforded by confining the subsidy to a reduction in the non-competitive class and commodity rates, including the joint rail-water rates which are differentially related to the rail rates. These rates are generally known as "normal" rates, and are the ones which have taken the full percentage increases authorized by the board over many years.

I should like to have a simple exposition of that statement. I would like a fuller explanation of what is meant by rates which are differentially related to rail rates and what is meant by normal rates. I should like to have the explanation made right here and now. Beyond that I should like to know how this subsidy will affect the bridge subsidy or if it will affect it at all. I think the minister knows what I mean by the bridge subsidy. We have never been able to figure out how it affects northern Ontario. All we know is that we have the highest freight rates in Canada. We are interested in finding out about the regional basis of the application of this measure because we wonder if we are going to be lumped with the west.

In one of his off-the-cuff statements in which I assume he would be more frank than usual the minister indicated that if British Columbia suffered the most it would gain the most from this subsidy. I should like to have a fuller explanation of what he meant by that. We in northern Ontario feel that we have suffered. I feel it is about time we had a clear exposition.

When hon. members got back from the Easter vacation we discovered the usual number of briefs and representations in the mail. I just enjoyed reading the submission of the Canadian lumber association to the cabinet committee on freight rates. In essence the brief represented a call for the repeal of the Crowsnest pass rates. In the same mail I discovered a pamphlet published by the Alberta wheat pool called "The Crowsnest Pass Agreement in Review", which is a very clear exposition of why we maintain these rates.

Several hon. members have spoken about the position of the trucking industry. Probably the minister has looked at some of the material contained in *The Motor Carrier*, a magazine that represents the interests of the trucking people. I was particularly intrigued by the headline I found on one page which read:

> Subsidy Issue Sparks Dramatic Cabinet Cloak and Dagger Affair

It is not difficult to imagine our dashing minister involved in a cabinet cloak and dagger affair of some kind or other. What I would like to know is what recognition will be given in this interim period to the position advanced by the truckers? They are dead set against this subsidy. Let us have an explanation from the minister as to how this subsidy is going to apply fairly to the railways and not apply unfairly to their competitors, the trucking people. In effect that is what was asked by the hon. member for Vancouver-Kingsway. I think we merit from the minister at this time something much better than the exposition he has given us.

The whole purpose of the minister's exposition seemed to be, "Let us get this to the committee on railways, canals and telegraph lines." To my way of thinking that is not the place for a clear outline of how this legislation is going to apply for the next year. I believe the place for that is right here and now in this committee. I was pleased to find that my opinion in this regard is identical with that of the hon. member for Laurier. Doubtless the minister will recognize that some of us over here in our opinions do not always dovetail with the opinions of the hon. member for Laurier but this is a case where we are in agreement in feeling that this statement is not good enough. We need a clear, concise outline of how this legislation will work in this one-year period.

I should like to say that I think that we have had enough of royal commissions especially those set up to inquire into freight rates and transportation. I feel it is about time this government took advantage of the knowledge of the board of transport commissioners and of the findings of previous royal commissions and demonstrated two things, some leadership and some guts, in nailing down a national transportation policy without resorting to another royal commission which will take an interminable amount of time to report and is almost certain not to have the authority to consider all the problems relating to the question. Royal commissions do serve a purpose but I feel that sometimes we campaign too frequently to have them set up. In this case the government should show leadership with respect to a national policy on transportation and freight rates rather than shoving the question into one of these corners. The present record of the government with respect to royal commissions is not really an enchanting picture if we look at the various royal commissions that have been established and consider the great length of time it has taken them to getting around to making even interim reports and the fact that there seems to be some lack of agreement on interpreting just what their findings mean.

I do not see how the idea of the establishing of a royal commission to study this question could excite anybody except perhaps the lawyers who will make a killing presenting the cases for the various provinces in connection with the freight rate aspect of the question. If the minister really digs into the transportation and freight rate problems and gets down to work—

The Deputy Chairman: Order. It being five o'clock it is my duty to leave the chair in order to permit the house to proceed to the consideration of private bills, pursuant to section 3 of standing order 15.

Progress reported.

CRIMINAL CODE

AMENDMENT TO ABOLISH IMPOSITION OF CORPORAL PUNISHMENT

Mr. Frank McGee (York-Scarborough) moved the second reading of Bill C-19, to amend the Criminal Code (corporal punishment).

He said: Mr. Speaker, I have the privilege of introducing this bill which deals specifically with the abolition and removal from the Criminal Code of the provision for whipping, a provision which calls specifically for the use as so described in the Criminal Code of a weapon—I think it can only be properly described as a weapon—known as the cat-o'-nine-tails. This is a device which is not normally seen by Canadian citizens today unless they happen to be watching late movies such as Mutiny on the Bounty, the Corsican Brothers and others. Vivid in my mind, as I am sure in the minds of many other members also, are scenes where human beings are flogged, in some cases flogged to death.

The arguments in favour of the abolition of corporal punishment follow a pattern very similar to that in the case of the arguments established in support of the abolition of capital punishment. They deal specifically with the aspect of a deterrent and the fact as no doubt will be established by speakers from other parties in the house, that there is no evidence, statistically or otherwise to support the retention of corporal punishment. The argument that corporal punishment, whipping in particular, is motivated by revenge is, of course, true. We have all heard people discussing a certain crime that has been committed and making the statement that hanging or whipping is too good for the person who committed the offence. When this subject has come up in private conversation I have often asked people who have made such statements what they would prefer to do. In most cases they go further than the use of that unhappy device, the cat-o'-nine-tails, as a means of torture to extract revenge and suggest some of the ancient oriental methods but finally before we reach drawing and quartering they concede my point.

There are morbid aspects of corporal punishment which disturb me as a member of parliament no more or less than they disturbed me as a private citizen. You, Mr. Speaker, I, every member of the house and each and every member of our society has a hand on the whip when a whipping takes place in the same way that we have a hand on the rope in the case of a hanging. We as citizens of Canada and members of the house are elected specifically to enact such legislation as truly reflects the feelings and instincts of the people we represent.

In the case of corporal punishment the same risk of error is involved, although I grant not to the same extent, as in the case of capital punishment. If a man is hanged and evidence is later discovered indicating that the accused was in fact innocent, nothing can be done, but I submit there is permanent damage to the recipient of corporal punishment in that the man carries the marks of it to his grave.

The debate concerning corporal punishment has raged in many countries of the world for many years and in a few the use of the whip or lash has been abolished for over 100 years. There has been a trend in

human behaviour and human conscience reflected in the legislatures and laws of many lands which tends toward what I like to think is an enlightened point of view regarding corporal punishment.

Not too many weeks ago I saw in a popular pictorial magazine a series of pictures of a thief who had been apprehended in one of the Middle Eastern countries. The picture was taken by a man who had secreted a camera into the area. The sequence of pictures showed a poor man, a beggar, being dragged into the public square and held down by three or four other men while a policeman cut off a hand. The last picture showed the man minus his hand sitting in front of his hovel and the hand that had been cut off was nailed to the doorway of his abode. The final comment in the story accompanying the picture was that some of those who had their hands removed had died. Yet burglary continues in that country. I have read a discussion of corporal punishment in "The History of Corporal Punishment" by George Ryley Scott and in his book he describes the action of the cat-o'-nine-tails. I tried to obtain and bring to this house this afternoon a cat-o'-nine-tails. I have no reason to believe that the present day version differs substantially in structure or effect from the original. I should like to quote briefly from the book to which I have referred in order to give the house some idea of the specific effects of the cat-o'-nine-tails, provision for the use of which is found in our Criminal Code. The author has this to say at page 83:

> The English cat-o'-nine-tails, the weapon employed, was a terrible instrument of flagellation. It was a close rival of the Russian knout. The "cat" consisted—

I understand it still does.

> —of nine separate thongs of leather or thick whipcord, each two feet in length, and knotted in three places. At each stroke the thongs cut through the skin like so much paper, the knots tearing out lumps of flesh. The sensation of the whipped individual, says Shipp, is "as though the talons of a hawk were tearing the flesh off the bones," and, as stroke follows stroke, and the "cat" becomes clotted with blood, it "falls like a mass of lead upon the back."

This, Mr. Speaker, seems to be a voice from the distant past, something that one might find in such a novel as Mutiny on the Bounty. Yet today in our Criminal Code we find this same instrument, this same weapon, prescribed.

The matter of sadism so far as this subject is concerned is very pertinent and relevant in at least three aspects. Before going into this part of the argument, I should like to give you a definition which I heard of a sadist. A sadist is defined as someone who is kind to a masochist. While this definition may have a humorous connotation, it leads into an aspect of the punishment which concerns the recipient of flagellation. It has been, I think, demonstrated in studies made of certain aspects of sexual crimes that, far from being a punishment for certain types of such crimes, the whip is possibly a most desirable form of experience for that individual.

Sadism most certainly can occur in the application of the sentence. A judge meting out a sentence, trying by some method to come to the correct number of lashes which might suit a particular crime, has the effectiveness taken out of his decision according to the degree of physical strength and sadistic inclination which may exist in the mind of the individual who is handling the lash. Finally, Mr. Speaker, I submit that sadism is a natural reaction in the minds of society, particularly on the part of those closely associated with a specific crime, but is certainly not something of which we as citizens of Canada today can be proud to find in our laws and in the designated penalties attached thereto.

There is another aspect of this question which many of my colleagues in the house, as I have mentioned, will be discussing. I should like to quote briefly from the chapter headed "Summing-up the Position" in this book on the History of Corporal Punishment which deals with the fears presumed to be part of the deterrent which applies and results from the retention of corporal punishment. The author says:

> But the fear induced by corporal punishment belongs primarily to none of these categories. It is essentially and pre-eminently the fear of physical pain. It is the fear inevitably associated with suffering of a degrading, deliberate and debasing nature. Fear which is associated with and restricted to physical pain, as a punitive factor, possesses no true reformative power. Thus the qualities which commended corporal punishment to primitive and savage races, and which still provide strong justification for its employment by the individual as a means of exacting private vengeance, become indefensible as applicable to any penological system of the modern state.

Later on the author refers to another aspect of it which I should like to quote.

> In many quarters the fear has been expressed that the abolition of the "cat" and the birch would lead to an increase in the incidence of crime. There is no justification for any such contention.

Historically, as the demand has been made for the removal of the more severe forms of punishment, the cry has gone out that if this is removed there will be a flood of crime. Nobody will be safe in his bed. Finally, when enlightened governments have taken action to reduce the bestiality in our penalty sections those fears, so vigorously expressed, have proven to be unfounded. The abolition of

corporal punishment for women and girls did not lead to any increase in crime amongst the female population.

One of the most powerful and most convincing arguments against any form of corporal punishment is that the sentence which the judge or magistrate may consider merely adequate will be transformed, by those responsible for its application, into a brutal attack or the severest torture reminiscent of some of the days of the Spanish inquisition. These, Mr. Speaker, are some of the reasons why those of us who favour the abolition of corporal punishment are supporting this bill.

There is a further reason, of course, contained in the report of the committee of the Senate and House of Commons which reported on this matter in 1956. I am quoting from page 47 of the final report of that committee, paragraph 27:

> Accordingly, the committee recommends that corporal punishment be abolished for any of the offences for which it is presently prescribed in the Criminal Code.

The broader aspects of the reform of our penal system, which I understand are receiving most active consideration at the present time by the government, must embody some other set of principles, principles which will result in remedy, reform and rehabilitation rather than extracting what I submit are the outmoded, savage penalties presently prescribed in the Criminal Code.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I welcome this opportunity of speaking for a few minutes in support of the bill which has been introduced by the hon. member for York-Scarborough (Mr. McGee), asking this house to pass an amendment to abolish corporal punishment as part of a judicial sentence in Canada. It is rather extraordinary, and to our shame, that Canada is one of the few countries in the world that still retains the lash and the paddle as part of a judicial sentence. I can only express the hope that hon. members of this house who have to deal with matters of law can visit or will visit our institutions and ascertain just what takes place there. I am certain that almost every person who has been inside a penal institution and has seen the lash and the paddle used, or who have been informed how they are administered, could never stand in his place in this house and oppose the abolition of the lash or the paddle.

May I just take a few minutes to explain the procedure to those who are keenly interested in this question, and tell them just what that means. When a person who receives a judicial sentence of the lash or paddle, in accordance with the order of the court, the warden of the penitentiary has to carry out that order. The inmate in prison is taken down to a small room in the basement of the penitentiary. The lash, as was pointed out by the mover of this bill, is sometimes known as the cat-o'-nine-tails. I disagree with only one statement that he made. It is different from the book he quoted. It is now eight lengths of nylon cord. They have modernized it to that extent. It is now nylon cord.

As I said, Mr. Speaker, the inmate is taken into a small room. If it is the lash, there is a table sloping at a 30 degree angle up against the wall. At the end of that table embedded in the concrete are steel plates. The feet of the inmate are fastened by leather straps to the steel plates in the concrete so that he cannot move. He is then stretched along the inclined board, with arms extended, and his arms are strapped to the board so as to be completely immovable. He is stripped to the waist.

Then, Mr. Speaker, in case you have never seen that procedure, may I tell you that a leather belt is put around the kidneys because a blow on the kidneys can kill. Then the man who is strapped there, his feet on the floor, his arms extended, with protection so that he cannot be killed, with a leather belt over the kidneys, gets in Canada what is known as the lash. I want to tell you Mr. Speaker, that I have personally visited penal institutions in Canada where a man has been ordered the lash by a court, and I have seen men in hospital with their backs wrecked by the lash seven days after they received it.

If the order is not for the lash it is for the paddle. Although it is called the paddle, actually it is the strap. The strap varies in Canada according to the institution. It does not vary in length nor width nor thickness but it varies as to whether or not it has any holes in it. About half the institutions use a strap called the paddle with holes. The difference in the administration of that form of punishment is that instead of being on a sloping form—their feet are still strapped to steel plates to the floor—they are bent over a table with their arms outstretched and the leather belts holding their arms. The trousers are down. The leather belt is over the kidneys. Then the paddle is administered. It is bad enough without the holes. But if the leather belt has the holes in it, the flesh is lacerated. There, too, Mr. Speaker, I have seen these men in hospital.

We do not forget the crimes of these men but we should give consideration to the purpose of their punishment. Surely we in Canada have now reached a point of understanding of modern penology to realize that the purpose is not a matter of revenge but for the protection of society. It is an answer

that they are obliged to give to the people for an anti-social act. But I believe—especially from knowing the present Minister of Justice (Mr. Fulton)—in the application of education in an endeavour to rehabilitate.

I have long had an interest in penology. About five years ago I visited a penitentiary and I asked the warden if he would call into his office everyone he knew of in that institution who had received the lash or the paddle either as a judicial punishment or as part of a discipline under the authority of the warden's court and the warden did so. That afternoon the warden and I together interviewed right in the institution some 17 men, I think it was, who in their criminal life had had the lash or the paddle. They were told to speak absolutely bluntly. It is all on the record.

The warden said, "This is Mr. Harold E. Winch, M.P. and he wants to ask you some questions." So in turn we questioned every inmate. We asked, "Are you a better man because of corporal punishment?" "What is your reaction to corporal punishment?" "Is it a detriment to further crime or to breaking the law of the institution?" "Has it made you a better boy or a better man?" Sixteen of them said no and one said yes. It was most interesting, Mr. Speaker, that one chap said "It almost made a murderer out of me." He said, "The first time I ever received corporal punishment was when I was at a reformatory in Ontario, and I got the paddle because I broke the law in the reformatory; I had one dollar in my pocket and I was not supposed to have any money. After what happened," he said, "I swore I would get that man." He escaped from the reformatory and he and a chum went across the border. They stole a car, stole a gun and came back. This boy told me—and the warden can confirm what I say—that he had had the man that gave him the paddle in the sights of that rifle. However, luckily for him, his chum woke up to what was taking place and removed it. That is one experience I had along with the warden in talking to those in the institution.

The hon. member for York-Scarborough mentioned the joint committee of the Senate and the House of Commons which investigated this matter. Our joint committee had the counsel of that committee, a well-known lawyer of this city, interview in the city of Toronto a number of men who had received the lash or the paddle but who are now out of the institutions. Most of them have been very well established in the business life of the city of Toronto. The members of our committee kept completely away. The interviewing was done only by our counsel, and the report of our counsel referred to the men only by a letter of the alphabet so that the names of the individuals were kept completely in confidence. I would invite the members of this house to read the transcript of the evidence of that interview with those who have become rehabilitated, some of them prominent in business, and who had had the lash or the paddle. With only two exceptions their replies were that corporal punishment antagonizes a man, makes him bitter and vicious, and more anti-social than when he was sentenced.

Mr. Speaker, there is the matter of the transcript record of the three-year study of the joint committee of the House of Commons and the Senate; there is the record from such authority as that quoted by the mover of this bill; and there is my own experience. But may I just add one other word and it is this. In a few days or weeks this house will be asked to pass millions of dollars for the maintenance of penitentiaries in this country, millions of dollars for the maintenance of police forces in this country. All that money comes out of the taxpayers' pockets. As I said before, the Minister of Justice (Mr. Fulton) I am sure has in mind modern methods of rehabilitation, not crocodile tears or simply retention and education. Surely when we recognize the cost of keeping a man in a penitentiary, which is I think $4.70 a day, it must be the hope of the government, the minister and the members of this house that when these men are released from the penitentiary they shall not return. We spend, as I say, millions of dollars every year, and we are going to vote millions of dollars inside the next few weeks for the following twelve months to try to rehabilitate those who have proven themselves anti-social.

Mr. Speaker, in nearly every penitentiary across this country now we have wardens of course, doctors, psychologists, psychiatrists and educationalists, and we are teaching the inmates vocations. If by judicial sentence we have a continuation of what is still the law in this country when the judge orders the lash or the paddle, I am afraid that the money spent in providing the educators, the psychologists and psychiatrists is wasted when a man is strapped and has his back lacerated or his pants taken down and his backside lacerated. It just does not seem to make sense.

But in particular I want to emphasize the absolute stupidity of some of the judges who give a sentence of lashes in two sections; one shortly after the prisoner is admitted to jail and then later before he comes out, so that all that work done by the educationalists, the vocational training men and the doctors is ruined because of the law as it stands today. I am certain from personal interviews, studies and my knowledge of this question that the

bill which is now before us is a bill which demands worthy consideration of all the members of this house, and I sincerely hope that we will wipe this blot off Canada's name and cease to be one of the few remaining countries of the world to use the lash and the paddle as part of a judicial sentence. We do not want to see, because of the approach to this problem of the Minister of Justice and the government, the taxpayers' money being sent down the drain. I hope that this bill which has been introduced many times now will receive the vote of all members of all parties in this House of Commons.

Mr. R. J. McCleave (Halifax): Mr. Speaker, it is a pleasure for me to second the bill proposed by my hon. friend from York-Scarborough (Mr. McGee). Only a week ago it seems we were on opposite sides of the fence on a somewhat similar bill involving capital punishment. I had some reservations about that question, but I have no reservations about the fact that my hon. friend through his fine argument presented this afternoon, backed up by the persuasive emotionalism of the hon. member for Vancouver East (Mr. Winch), is on the right track. I hope in my own modest way to produce some statistics for the attention of the house which will support the conclusions which have been reached by both those hon. members, and also the conclusions which have been reached in other countries in the world which have decided to abolish this particular method of punishment.

But first, sir, may I be permitted to examine two arguments that will probably be used by those who are in favour of retaining this particular form of punishment. The first one is probably best expressed by that old master of the English law, William Blackstone, Oxford's first Vinerian professor of law:

> Of all parts of a law the most effectual is the vindicatory. For it is but lost labour to say, "Do this, avoid that", unless we also declare, "This shall be the consequence of your non-compliance." We must therefore observe that the main strength and force of a law consists in the penalty annexed to it. Herein is to be found the principal obligation of human laws.

This, Mr. Speaker, may be a persuasive argument at first blush, but I suggest to the house that this argument contains a fallacy, and that is that there are other methods of punishment available for offenders quite apart from the inhumane one of corporal punishment. The other punishment available is simply the threat or the actuality of imprisonment.

The second argument that might be used to maintain the present situation comes from the old adage, "Spare the rod and spoil the child." This is a wonderful field for professional and amateur psychologists, and anyone who has seen children in action or been a child himself, which takes in everybody, has a wonderful opportunity to vent his or her personal opinion on this philosophy. But again, I think that to spare the rod and spoil the child has no particular application to this argument. For one thing, the child in the home loves the parent and expects the parent to assert a certain amount of discipline. The child also knows that if the parent is forced to take drastic measures, such as a spanking, if it is done out of a love for the child, while the child's love might abate for the moment under the stings of the punishment, it will return in full force and be strengthened by respect.

On the other hand, in the penal institutions of this country, Mr. Speaker, it is very unlikely that any of the inmates love the warden or that the warden, for that matter, loves the inmates, and the imposition of the rod under such circumstances would not be accompanied by the factors which play such a vital role in the home, namely the factors of love and affection and the need for children to be obedient to their parents. I hope in those short words that I have helped dispose of two of the arguments that will probably be used by those who favour the retention of corporal punishment.

Now for the matter of the statistical argument. Does it work anyway? This was considered before the joint committee of the Senate and the House of Commons in 1954. I have their report and I shall read very briefly from it if I may. I do not think the statistics given that committee by the Canadian authorities are particularly helpful, because the numbers involved are not large enough. Then I will go on to quote some of the findings of a committee in the United Kingdom which dealt with a much larger number of offenders, and I think I can prove statistically beyond all reasonable doubt to even the most sceptical in this House of Commons that there really is no merit in retaining the use of the lash or the strap. As to the Canadian picture, it will be found at page 781 of the joint committee's report. Question No. 20 asked:

> In your opinion, does corporal punishment operate as a deterrent to (a) the young offender, (b) the recidivist, (c) the sexual offender?

There are answers to this question from several of the western provinces—British Columbia, Alberta and Saskatchewan. There is no comment from Ontario, and some actual figures from the commissioner of penitentiaries. The answer from British Columbia is that there seems to be some evidence of paddling having been useful in helping young

offenders to redirect their activity. From Saskatchewan, there was the following reply:

> We know of no evidence to support the view that corporal punishment in fact operates as a deterrent to any group of offenders.

These are, apparently, opinions plucked out of the air by attorneys general or by people in their offices who may be softhearted or hardhearted as the case may be. However, the commissioner of penitentiaries did offer some statistical fodder to the committee. I suppose the main question really is whether the lash, once given, tends to ensure that a person will not repeat his offence, so I do not intend to deal with all the statistics which the commissioner presented to the committee, though I will deal with some of them, those which concern the recidivists. One hundred and ninety three persons were awarded corporal punishment who had previously served sentences of imprisonment in the period from January 1, 1943 to December 31, 1953. The figures with regard to these people are as follows:

Subsequently convicted again after having received corporal punishment	59
No record of further sentences	56
Still incarcerated	78
Total	193

I myself had a very interesting interview with a recidivist a few weeks ago. This recidivist had recidivisted time and time again, because he had spent 10 different terms in Canadian penitentiaries. It was his opinion, in the light of his studies, that recidivism took place within one year of an offender being released from a penal institution. I think that is significant, for if there is anything about the lash and the strap it should be that the scars and the humiliation and the degradation of undergoing such punishment are still fresh within this period, if not upon the body then on the mind at least of a released prisoner. And yet statistics from Canada supplied by the commissioner of penitentiaries seem to indicate, if they indicate anything at all, that the lash has no particular effect.

May I turn now to what has occurred in the United Kingdom, and I use as my source material a report of the departmental committee on corporal punishment, 1928, issued by Her Majesty's stationery office. This committee had this to say as reported on page 80:

> We have given due weight to the opinions which witnesses have expressed to us on this point on the basis of their personal experience; but we thought it desirable to supplement this evidence by obtaining some statistical information regarding the subsequent record of offenders who have been dealt with by means of corporal punishment. Statistics based solely on the subsequent records of persons sentenced to corporal punishment would be defective in two respects. First, they could not show what the man's subsequent career might have been if he had not been flogged. Secondly, as corporal punishment of adults is always combined with a sentence of imprisonment or penal servitude, they could not show how far the subsequent career may have been influenced by the term of imprisonment or penal servitude. No figures could elucidate these two points completely; but, in order to throw some light on this aspect of the matter, we have obtained figures which enable a comparison to be made between the subsequent record of persons who actually received corporal punishment and of persons who were liable to corporal punishment but were dealt with by other means.

The statistical analysis which the committee presented with the help of the home office and New Scotland Yard was an analysis of the records of 440 persons who were convicted of robbery with violence during the period 1921 to 1930. The report states:

> Of the 142 flogged, two have subsequently been convicted of a second offence of robbery with violence, and in a third case a charge of robbery with violence was dropped when the offender was sentenced to ten years' penal servitude on another charge founded on the same facts. Of the 298 who were not flogged, three have since been reconvicted of robbery with violence: but two of these men were mentally unstable and it seems very doubtful whether either of them would have been restrained from committing the second offence if he had been flogged on the first occasion.

And the conclusion which the committee reached was this:

> So far as these 440 cases are concerned, it appears that a sentence of imprisonment or penal servitude without corporal punishment was no less effective in deterring the offender from committing a further offence of robbery with violence than a sentence of imprisonment or penal servitude combined with corporal punishment. As regards subsequent offences other than robbery with violence, the record of the men flogged was bound to be worse than that of those who had not been flogged. Of those flogged 55 per cent were subsequently convicted of serious crime, as compared with 43.9 per cent of those not flogged.

I find this report very interesting, and I hope other hon. members will also. I think there is much food for thought in this very fine study which was made in the United Kingdom. The report continues:

> It might have been assumed that this would be due to the fact that the persons not flogged included a higher proportion of first offenders who might be less likely to offend again: but when the cases were subdivided into groups according to the previous record of the men concerned it was found that, even among the first offenders, the subsequent record of those flogged was less satisfactory than that of those who were not flogged.

Time is getting on, and there are others who wish to take part in the debate. I think that perhaps I have given enough statistical information to the house at least to knock the props out from under those who would argue

that flogging and the lash do have a beneficial effect and do tend to alter the personality of a prisoner who undergoes this method of punishment.

In conclusion, if I may, I should like to make two more observations. One is that the mere fact of subjecting a human being to the inhumanity of the whip undoubtedly sets a mark of Cain upon that person. If not, it gives him a peculiar stamp in his own circle and sets him apart from ordinary mankind. It may even, in certain circles, tend to make him a heroic figure, a type of outcast beatnik who is given recognition because of the fact that all the forces of society have combined to subject him to the most inhuman of treatment.

If I have any reservations about the bill I think they would only go so far as the matter of prison discipline. Perhaps the lash or some form of physical punishment is necessary in prison. I am not sure about that. Perhaps my hon. friend will deal with it at some future time. I know we are not going to pass this bill this afternoon. Let us be frank about it. I also heard my hon. friend's heartening words that action may be undertaken by the government. Our debate this afternoon will at least serve the useful purpose of bringing this matter again to the attention of the Canadian public and provoking some new thought about what has become in this country a rather fearful and degrading sore on our body politic.

(Translation):

Mr. Adrien Meunier (Papineau): Mr. Speaker, I would like to tell the house that I support this bill. When the Criminal Code was amended in 1954, we entrusted a joint committee of the house and Senate with the responsibility of making appropriate investigations with regard to capital and corporal punishment, and lotteries.

In 1956, the joint committee of the Senate and the House of Commons reported to us after investigating the abolition of capital punishment. There is, to my mind, no need to quote from the statements by expert witnesses like doctors and others, who were heard before that committee and who repeatedly explained how corporal punishment was applied. Following the evidence heard, the committee came to the conclusion that capital punishment should be abolished. The relevant report was published at that time in the press and we were able to learn the reasons in favour of abolishing the lash as well.

Some of my learned friends opposite have studied the question. The hon. member for Scarborough (Mr. McGee)) gave us some good arguments and the hon. member for Halifax (Mr. McCleave) gave lengthy quotations. However, the hon. member for Vancouver East (Mr. Winch), who was a member of the committee which studied the abolition of capital punishment, gave us a description of what that punishment is today, of its bad aspects and detrimental consequences, leading up to the conclusion that it should be abolished.

I share the views of those hon. members and I am in favour of abolishing capital punishment. I shall however limit myself to the following two reasons: the effects of capital punishment on the indivdual are very bad. It induces in him the idea of revenge against society and he becomes embittered against his fellow men. As a matter of fact, that measure which was introduced in the middle ages is obsolete today. Moreover, judges in criminal cases no longer sentence anyone to the lash. Why? Because they know of its detrimental effects on those subjected to this punishment.

Then another amendment was made to the Criminal Code which today would justify the abolition of the lash. The amendment was passed several years ago when the penalty of life imprisonment was introduced for individuals known as habitual criminals.

To those who are opposed to the abolition of the corporal punishment and who say: "What about the man who does not want to mend his ways, who is always before the courts, and constantly sent to prison?" We might answer that, after a third charge, the crown in each province may lodge a complaint and prove to the courts that such a man, being recognized as an habitual criminal, could be given a life sentence.

For all those reasons I believe we should now abolish corporal punishment because it is bad for the individual. I believe that, in a society which prides itself on being modern and in an advanced state of civilization, this form of punishment is no longer warranted and I am convinced that if it were eliminated from our statutes, it would be all to the advantage of the individual.

(Text):

Mr. A. R. Smith (Calgary South): Mr. Speaker, it will be suggested, of course, that I am talking out this bill and I would not consider that I had been offended if such an accusation were made because I am opposed to this bill. I recognize that a great body of public opinion is in favour of the intention behind this bill. Many eloquent speeches today have expressed the point of view which I believe is widely held. I would suggest, however, that if I had an opportunity to speak at great length I would also express the view of a large body of public opinion

in saying that I believe the terms of this bill are far too broad and general. It deals with the subject in a manner which in effect gives little consideration to the other side of the argument and there does exist another side which is both substantial and important.

We have listened this afternoon to a great deal of maudlin sentimentality. I agree with the argument that corporal punishment should not be imposed to the extreme but let us bear in mind what it is intended to prevent. It is an important deterrent to the recurrence of many crimes. For instance, section 136 of the Criminal Code provides that everyone who commits rape is guilty of an indictable offence and subject to imprisonment or to be whipped. I have not reached the position where I could accept the abolition of corporal punishment in respect of crimes of this nature. I do not believe that a prison term is fully adequate. Corporal punishment could serve as a deterrent to those who commit crimes of the nature I have mentioned. The hon. gentleman who introduced this measure said that one who receives corporal punishment may carry the memory of it to his grave. I suggest that with respect to some crimes it is perhaps justifiable that the individual should so do.

Mr. Winch: He may deserve it but what good does it do?

Mr. Smith (Calgary South): The hon. gentleman who interrupts had an opportunity to take part in this debate.

Mr. Speaker: Order. I am sorry to interrupt the hon. member but the hour for the consideration of public and private bills has expired. The house will resume the business interrupted at five o'clock.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

The house resumed consideration in committee of the following resolution—Mr. Hees —Mr. Coates in the chair:

That it is expedient to introduce a measure to direct the board of transport commissioners to require by order the reduction of class and commodity freight rates (other than competitive rates) charged by carriers subject to the order of the board dated November 17th, 1958, and to authorize payments to reimburse carriers for the resulting reduction of their revenues up to an aggregate amount of twenty million dollars.

At six o'clock the committee took recess.

[Mr. Smith (Calgary South).]

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Hees: Mr. Chairman, I might take this opportunity to answer the questions asked by hon. members so far in the debate. The hon. member for Fort William asked that the subsidy should not discriminate against northwestern Ontario. I have already said that there will be no discrimination against any province or region. The hon. member for Port Arthur asked, first of all, what normal rates are, what does it mean when rates are differentially related and what effect will the proposed subsidy have on the existing bridge subsidy.

Normal rates are the ones which have taken the full percentage increases authorized by the board and do not include competitive rates. The differentially related rates referred to are the joint rail and water rates and they are lower than all-rail rates. With respect to the hon. member's inquiry whether this measure will affect the bridge subsidy the answer is that this subsidy is in addition to the bridge subsidy and not in substitution for it in any way.

The hon. members for Welland and Essex East referred to rates on agricultural products moving into Canada from Michigan compared with rates from southern Ontario to points in Canada. The reason for the difference is that the United States produce comes in on international rates which in this instance are lower than the local, domestic rates. These local, domestic rates will have the benefit of the subsidy and the international rates will not. If there is still any discrimination the shipper can complain to the board of transport commissioners and have his complaint investigated.

Lastly, the hon. member for Laurier asked what is the formula which the board of transport commissioners will use to distribute the $20 million subsidy. From the discussions I have had with the board I can say that there will be a horizontal reduction in the level of non-competitive class and commodity rates from the 17 per cent increase authorized by the board to approximately 10 per cent, or a 7 per cent reduction. In effect there is no real formula. This is simply the method by which the subsidy will be applied.

Mr. Fisher: Mr. Chairman, while I appreciate the rather brief answers we have had from the minister with regard to certain questions I still feel that we deserve a fuller exposition. For example, with regard to the question of the hon. member for Laurier, just how is this formula going to be applied across the country? We want to get some idea of the regional position. Let me put it this way. The Canadian Pacific railway dominates freight rates in so far as western Canada is

concerned. In the way this formula is going to be applied will more of the subsidy go to one railway than to the other because of regional differences? I see the minister shaking his head. This means, of course, that his explanation has not been thorough and clear enough. I want him to remember all the way through that, as I told him at the beginning, I am approaching this matter from the point of view of the boob, the amateur who wants a clear explanation.

Mr. Hees: If I may answer the hon. member's question, the $20 million will be used in what we, after a great many discussions, consider will be the most effective way to relieve the burden on the person who pays for freight rate increases, namely the consumer. The method which has been indicated to us and which we believe will provide the most effective relief is to apply the $20 million right across Canada to all non-competitive class and commodity rates because those are the rates which take the full increase and bear most heavily on those people whose goods have to be carried over the long haul.

The board of transport commissioners has advised us that in its opinion the application of the $20 million to the non-competitive class and commodity rates of the railways and the water carriers affected will make it possible to reduce these rates by approximately 7 percentage points, from 17 per cent to 10 per cent. We believe that this method of applying the subsidy will give the greatest relief to the people who need the relief the most, the consumers whose goods are carried on the long hauls.

Mr. Fisher: Let me take a specific example and ask the minister for information on it. We have a plywood mill in our region which ships plywood into the Toronto market, a haul of around 800 miles. When the 17 per cent increase came into effect it applied to all plywood shipped by that mill into the Toronto market but the increase did not apply to British Columbia plywood entering the Toronto market because competitive rates were available via United States lines from Seattle through to southern Ontario. Are we to assume that under this new scheme the subsidy will apply so far as plywood from our particular area is concerned and will not apply on the British Columbia plywood because it was not affected originally by the 17 per cent increase?

Mr. Hees: From the type of question the hon. member has asked I think it is very obvious that to obtain answers to complicated, specific questions such as he has asked is the reason that a bill of this kind is referred to the committee on railways, canals and telegraph lines. I think the hon. member must realize that to become a freight rate expert able to answer off the cuff any freight rate problem that is propounded requires 10, 15, 20 or 30 years of continuous work on freight rates. That is the length of time that our expert on freight rates with the board of transport commissioners has spent on this subject. Those working with him have spent shorter periods of time but a great many years doing the same kind of work. I suggest to the hon. member, who is a member of the committee on railways, canals and telegraph lines, that the best way to get specific answers with respect to specific commodities in specific districts is to give the bill second reading as soon as possible and get the committee operating. He can then ask questions in that committee to his heart's content. He can ask them of the experts who will be there and I feel sure they will be able to give him the answers or at least will do their very best to do so.

Mr. Fisher: That may be so but I am not convinced that we will get an exposition of policy. What so often happens in a committee is that you go there and you have technical advisers there and they will give you the answer in detail to a specific question but when you bring up a general question they say that it involves policy and the minister or the government determines the policy. That is why I was hoping we could obtain a more complete clarification of policy. I see the Minister of Trade and Commerce in the chamber. Of course we all know that according to the reports about this cloak and dagger affair he was the one who threatened to resign. Since he felt so seriously about the matter that he threatened to resign, maybe he can give us a clear exposition of just what is involved in this interim 12-month policy and how it is going to apply in a general way across the country in the various regions.

Mr. Churchill: Mr. Chairman, I shall participate in the debate to the extent of denying the hon. gentleman's statement. I did not threaten to resign.

Mr. Chevrier: There is a matter which I think has not been answered satisfactorily by the minister, and I am sure he will agree with me when I go into it in a little greater detail, not in any way to delay the passage of this measure because I know that the minister and the committee are anxious to get it through. The point I want to make now is one which has already been made. I want to insist upon it because I do not think it is fair for the minister or the house to ask parliament to pass this measure unless

we have a statement from him or from the Prime Minister dealing with the royal commission on transportation. I think that the least that can be expected of parliament when a measure of this kind is being debated, and when parliament is being asked to pass a subsidy to provide for $20 million in reduction of the judgment of the board of transport commissioners, that the minister or someone on behalf of the government should tell parliament what the other half of this measure is going to be.

I want to refer to a statement which was made by the acting prime minister in the absence of the Prime Minister and which was given to the press concerning this whole matter. In his statement he dealt with two matters. He dealt first of all with this interim measure and he dealt also with a study which would be made of the whole transportation matter. He said this in his statement which is dated November 26, 1958, and I quote:

> A study is being undertaken at once to work out measures to relieve against inequities in the freight rate structure, including any that may be aggravated by the present increases.

I presume the minister was then referring to this measure which is now before us. He went on to add this, and I quote:

> Steps are also being taken to set up a suitable body to review the general field of railway problems and policy. This study will include not only a comprehensive consideration of the railway freight rate problem—including the situation of the long haul provinces in the west and in the Atlantic region—but also other specific problems which require solution if Canada's railways are to serve the national interest without prejudicing particular industries or areas.

Then he went on with an additional part to his statement with which I shall not bother the committee at this time. The point I make now is this: I do not think that this measure should be allowed to pass at this stage without the minister giving some indication as to when the royal commission is going to be established, if it is a royal commission; what the scope of the royal commission is going to be and whether or not it will deal with inequities, discrimination, inequalities in freight rate structures and what other matters will be referred to it with reference to a national transportation policy. I invite the minister at this stage to tell us what is the policy of the government with reference to the other half of this freight rate matter.

Mr. Hees: I might answer the hon. member's question now, if I may. This bill deals with the question of the government making available a $20 million subsidy to relieve certain freight rate burdens which the government believes should be relieved. The statement on the setting up of a royal commission will be made by the Prime Minister in the course of the next few days. I am not in a position to make it now, and therefore it cannot be made. It will be made by the Prime Minister who will outline the matters with which the royal commission will deal and how it will operate. My suggestion to the hon. member and other members of the house is this: As soon as possible, we should pass this resolution, give the bill second reading and have it go to a committee where it can be thoroughly studied. This will take some time. I feel absolutely positive that by the time the bill comes back to the house, and certainly before there will be any chance to have it passed in its entirety, the Prime Minister will have made his statement regarding the royal commission and the hon. member, as well as others, will be able to express his views on it if he wishes.

Mr. Chevrier: Will the minister give the house an undertaking that before second reading of the bill the Prime Minister will announce the royal commission and the terms of reference thereof?

Mr. Hees: I did not say before second reading, I said before the bill is passed. As the hon. member knows there is second reading, then the measure will go to a committee. It will come back to the committee of the whole house when a free debate is allowed. Then, there is third reading after that. I believe this gives ample opportunity for debate on this matter after the bill has been considered by the committee on railways, canals and telegraph lines. I urge hon. members to make it possible for the bill to go to that committee and be examined. This will take some time as there is necessary work to be done on the bill. Then, the measure could come back and I feel sure, by that time the Prime Minister will have made his statement.

Mr. Chevrier: Can the committee get an undertaking from the minister, then, that before third reading of the bill there will be a statement or announcement with regard to the royal commission?

Mr. Hees: Yes, I make that.

Mr. Argue: I do not agree that the commitment of the minister is entirely satisfactory so far as a discussion of the royal commission is concerned. As the minister well knows and as the chairman is well aware, second reading provides for a study and general discussion of the bill or anything that might come within the terms of the bill. Once the bill has been given second reading and once we are in committee of the whole

on the bill, then the minister well knows that you must keep your discussion confined to the clauses of the bill.

As I understand it, there is no clause in this bill that has anything whatever to do with the setting up of a royal commission, so we will have no opportunity under the rules of the house to discuss the government's policy so far as a royal commission is concerned. This afternoon, on orders of the day, when we probed the government the hon. member for Vancouver East, I believe it was, asked about a royal commission, asked about the government's policy. The Speaker, and I think quite rightly, said that since today we would be discussing this resolution in committee the proper place to find out about the government's policy was in committee. We have been trying all afternoon to find out what is the policy. There has been no announcement as to the terms of the royal commission. The Prime Minister, according to a press statement, stated during the Easter recess that such a royal commission was to be set up. Surely, when we are discussing the government's transportation policy, that is the time to discuss the royal commission.

I would ask the minister if the order in council has been passed setting up the royal commission. I would ask him if the order in council has been passed whether the terms of the order in council can be given to the committee because surely it is not good enough for the members of this house to be asked now to deal with this very important resolution and approve a subsidy of $20 million, yet be left entirely in the dark so far as the royal commission and its terms of reference are concerned. I see the Prime Minister is in his seat. I think he could be most helpful to the committee. He could tell us what the scope of this royal commission is going to be.

Another thing about which I am most concerned is the position of freight rates in this country within the next 12 months or between now and the period when the royal commission is considering the statements put before it and before the commission makes its report.

The hon. member for Laurier this afternoon was asking—and he can correct me if I misinterpret what he said—what position the board of transport commissioners would be in if a new application is placed before the board, if in the meantime the railways are faced with a wage increase. Does this mean that the board cannot increase freight rates within that interim period? The Minister of Transport side-stepped the question. He said that he was not able to say whether or not that was the position.

An hon. Member: That is all he could say.

Mr. Argue: That seems to be a rather strange attitude for the minister to take, in the light of the statement he made in this house on March 24 when he said, as reported at page 2208 of *Hansard*:

> In the meantime the government does not propose to permit any further general increases in railway freight rates.

Does this mean that the application now before the board will be left in abeyance? I hope that is exactly what it means. Does it mean that there will be no further consideration of this application in the meantime? I think that is the position that parliament should take. But I think that the minister should clarify to the committee this statement that he made on March 24, particularly in the light of the discussion this afternoon. I think we are entitled to be told at this time what are the terms of reference of the royal commission and whether or not this means that until the royal commission makes its report—at least until that time—there is to be a ceiling on freight rates, namely the present ceiling, above which they will not be allowed to go. I should like to know whether the royal commission which the government has in mind will have on it persons entirely different from the persons who are now on the board of transport commissioners. As the hon. member for Laurier has said, I think that when parliament is being asked to consider this half of the government's transportation policy we should be given information as to the scope of the royal commission, when it will be set up and who the personnel will be.

Mr. Winch: I am most happy that the Prime Minister is now in his seat this evening. On the orders of the day this afternoon I asked a question which Mr. Speaker said could be answered and dealt with under the business of the day. A great deal of discussion has taken place between that time and now. I want to say that I understand the position of the Minister of Transport. I understand that in the resolution he is asking for an expenditure of $20 million in one year but that he also realizes that that is not the answer. I appreciate the position of the Minister of Transport, having regard to the fact that there is to be a royal commission. But the establishment of a royal commission is a government decision and a government policy. Therefore, because it is a government decision and government policy, it can be announced only by the Prime Minister himself. As I say, I appreciate the position of the Minister of Transport who is trying to answer questions which he has not the power to answer. But, Mr. Chairman, because this matter of transportation policy, the royal

commission, is of such great importance, I am grateful that the Prime Minister is now in his seat because we can now direct to him a question. According to his cabinet ministers, when it is a matter of government policy such as the terms of reference of a royal commission, he alone can make that statement. Without further words, while we are still on this resolution will the Prime Minister now give us some indication as to the terms of reference of the study that is to be made of the transportation system of Canada? May I ask that question of the Prime Minister?

The Chairman: Shall the resolution carry?

Mr. Argue: No, Mr. Chairman.

Mr. Winch: No, Mr. Chairman. This afternoon I asked a question and Mr. Speaker said it could be asked under the business for the day. May I say to the Prime Minister that I watched him and he nodded his head all the way through. I asked a question on the royal commission and its terms of reference and the Prime Minister nodded his head in complete agreement with the Speaker and myself that it would be done today. I am now asking the Prime Minister whether he is in a position to give the committee any information on the royal commission and its terms of reference; or, if he will not do that, may I ask what is his broad objective in solving the competition problem in Canada?

Mr. Diefenbaker: Mr. Chairman, may I first refer to the nod to which reference has been made. The nod was in appreciation of the fact that the Speaker's ruling was in keeping with the rules, not with regard to those matters alluded to by the hon. member.

In so far as the royal commission is concerned, the minister has been in a position to make the announcement which he has made, namely that the terms of the royal commission will be placed before the house before the bill is passed. That is the undertaking that the minister has given and that undertaking will be upheld.

Mr. Chevrier: May I just ask a further question for the purpose of clarification? It is quite true that the minister has given that undertaking and I am sure the committee is appreciative of that fact. But there is a point which has been raised by the hon. member for Assiniboia—and I think it was raised earlier—namely that if the announcement is not made until third reading—which broadly speaking is the undertaking which the minister has given and the Prime Minister has confirmed it—then there will not be an opportunity of discussing either the royal commission or its terms of reference. I am sure the Prime Minister would not want that to be the position because, in the statement which the acting prime minister made on the whole subject in November of last year, it was clearly stated that this matter was divided into two parts, one the interim measure which we now have before us and the other a study of some kind or nature that was to be made of the whole transportation policy including the freight rate structure, inequities therein and so on. The second aspect of this policy we have not got. We are going to get it soon. Can we have from the Prime Minister an assurance—and I am sure the Prime Minister would agree with this procedure—that when the announcement is made it will be made at a time when we shall have an opportunity of discussing its terms of reference.

Mr. Diefenbaker: I am sure the government would be happy to have any suggestions as to those terms which might be embodied in the reference. The responsibility as to what terms will be embodied in the submission to the royal commission is, of course, the responsibility of the government. I remember on several occasions discussions in the past when I was sitting on the other side of the house when the government of those days pointed out that the responsibility for the terms of reference of a royal commission must necessarily be that of the government. I had thought that out of the discussion during the resolution stage recommendations and ideas would be advanced by hon. members in all parts of the house setting out their views which might be incorporated therein.

The objective was clearly set forth on the occasion in November by the Minister of Public Works. That still is the objective and the purpose, and any ideas and expressions of views in this regard will be welcomed. I know the hon. member and I will welcome any views at all. The hon. gentleman, who was minister of transport, is well qualified in every way by his experience to place before the committee those views which he suggests be included in the terms of reference of the royal commission. I have no hesitation in saying to him from the manner in which he has approached the subject, as has also the hon. member for Vancouver East, that the terms, when they are brought before the house, will be the terms included in an order in council setting up the commission. They will be subject to discussion, but there will be no alteration of them after that.

The former minister, the member for Laurier, knows what a tremendous problem transportation is at the present time. There have been injustices through the years

because of the geography of our country and disparity in population, the wide distances between various points, and many other reasons which would warrant the setting up of a royal commission. There was set up the Turgeon commission, which went into the transportation problem. On the evidence placed before that commission and on the report which it made I would reiterate what I said and what the hon. minister said, that when the royal commission is set up both hon. members will be given the opportunity to express their views. But I point out that by that time the terms will have been determined, and there cannot be, under normal circumstances, an amendment of the terms. Therefore I now ask hon. members to place before us their suggestions and views on this matter to the end that their views may be fully considered by the governor in council in the determination of the ambit of the royal commission.

Mr. Chevrier: I thank the Prime Minister for the intervention he has made in the debate and for the suggestion he has just made. I have too much respect for the government and the Prime Minister to make any suggestions at this time in connection with the terms of reference, because I think the committee will agree that a matter of this kind is of such importance that at this stage, at least, I should not venture to make any suggestion, although I would like very much to make suggestions when the time comes. The point I was making, Mr. Chairman, is this, and I say this with the greatest respect, that I do not think the Prime Minister is adopting the right attitude with respect to this matter. I say this respectfully, and I am sure he will not take it otherwise. It seems to me that when we in this house are asked to vote a subsidy of $20 million, that is one-half the policy of the government with reference to the settlement of the freight rates question.

Mr. Diefenbaker: One-half of the policy?

Mr. Chevrier: Yes, because the other part of the policy, if the Prime Minister prefers, has to do with the establishment of the royal commission. If the Prime Minister remembers, and I say this subject to correction because I am drawing on my memory now, it seems to me that when the former royal commission was set up there was given full opportunity to discuss the terms of reference—

Mr. Diefenbaker: Might I ask which royal commission the hon. gentleman is referring to?

Mr. Chevrier: The Turgeon royal commission.

Mr. Diefenbaker: I will send out for that; I cannot say offhand.

Mr. Chevrier: I draw on my memory now because I have nothing else to call on. My recollection is that when the prime minister, or the former minister of transport, did make the statement, there was an opportunity for discussion and my recollection is that the Prime Minister, in his capacity as the then member for Prince Albert, made a number of comments on the royal commission. Now, I say again that I might be mistaken, and it might well be that these comments were made with reference to the report when it was brought in. If my memory is wrong I will have to take that back, of course.

But the point I desire to make now is that I do not think it is appropriate or sufficient for the house to be asked to vote this subsidy without knowing something about what the royal commission is going to study, and if the Prime Minister makes the statement after third reading of the bill there will be no opportunity for discussion. I think the house should have an opportunity, and I am sure the Prime Minister would be the last one to say that there should not be such an opportunity.

Mr. Diefenbaker: I am not going to argue about that because I am trying to be so helpful at the moment, and I want every suggestion, but I do point out that if the opportunity to discuss the terms of reference of the royal commission is given, as I hope it will be, the royal commission will then have been set up and the suggestions will be to late. I am asking now for the opportunity to discuss the terms. Naturally I will be available, and I will even go further and say that opportunity will be given during the discussion in committee and on second reading, not later than that.

Mr. Chevrier: Then if that is the case I am satisfied. I have no objection to that, and I think that is an answer to my objection.

Mr. Winch: I would like to ask about a problem which has puzzled me all day. We are concerned with an interim payment of $20 million over the year, and I would like to ask what is the basis of setting up a royal commission and what are the terms of reference. But the Prime Minister says that information cannot be given; it will be announced and will be a *fait accompli*. I cannot accept that from the Prime Minister. He and I sat very close together for about four and a half years, and the present Prime Minister gave me a lot of advice when I was a newcomer on this side of the house and I think I learned a lot from him. I thought I learned

from him something about diplomacy and parliamentary procedure.

I have listened very carefully and very closely. The Prime Minister and the government have decided that in the interest of Canada they should introduce a resolution, which means in due course, a bill, providing for a subsidy of $20 million for 12 months. It is not for the railways, according to the Minister of Transport; it is intended to help the consumers. What we are trying to find out now is on what basis this question is to be referred to a royal commission. What are the terms of reference? As I say, I have been listening very carefully, and all I can gather from the Prime Minister is that he intends to bring down these terms of reference. I am just waiting until hon. members opposite are ready. And I am asking this question: how does democracy work? How can we convey to the Prime Minister, before he presents us with a *fait accompli*, what should go into these terms of reference?

Mr. Diefenbaker: If I might just answer that question now, may I say that I asked the hon. gentleman to place before us his suggestions as to what should be included. However, the paucity of his thinking has apparently brought about a hiatus in this regard. I asked him what he would like to see incorporated. The hon. member is probably speaking about this with a knowledge of the past. Let me say to him that never did I at any time on the other side of the house or elsewhere, suggest that the setting up of a royal commission was a matter the nature of which should be determined by the house. That is the responsibility of the governor in council. But we are going further than that on this occasion. I want to ensure that this commission shall have as its basis of responsibility the best suggestions that the house can offer, and I am waiting to hear the hon. gentleman place before us what he thinks should be included in those terms of reference. It would be very helpful, I am sure.

Mr. Winch: Thank you very much. I am sorry the hon. gentleman was not here this afternoon when I spoke for 20 minutes on that very subject, namely what should be included in the proposed study. I said that it was not just a matter of freight rates but that it was a matter of national policy; that there was a need for a complete analysis of both passenger and freight transportation in the light of the position of one province as compared with another. The power to be given to the commission under the terms of reference to be announced by the hon. gentleman himself, because the Minister of Transport could not do this, should include authority for a complete study enabling the commission to make recommendations with regard to a national transportation policy. I am certain that the Prime Minister when he spoke just now did not know that I spoke for 20 minutes on this subject this afternoon.

Mr. Diefenbaker: Mr. Chairman, I read everything that takes place in this house. I read *Hansard* most carefully and I know that I will peruse every word and every suggestion made by the hon. gentleman with the greatest care.

Mr. Argue: We have seen a complete metamorphosis as far as the Prime Minister is concerned. When the Prime Minister and the Minister of Public Works sat in opposition they castigated the then government for allowing one increase in freight rates after another. They did not regard as an acceptable policy of the government an escape by way of a royal commission. Oh, what a different attitude we find now as compared with the attitude which was taken before 1957. Then, the freight increases were not going to take place. There was an interim increase of 3.6 per cent; the government, before the 1958 election, stepped in and said this increase would not be allowed.

Mr. Diefenbaker: Mr. Chairman, I am glad of the opportunity—

Mr. Argue: I have the floor.

Mr. Diefenbaker: I rise on a question of privilege. That statement is completely inaccurate. During the election campaign no reference was made to the matter; no decision was made, and it was only after the election campaign that a decision was taken, when it could in no way affect the voting in this country.

Mr. Argue: I am sure I do not know what the Prime Minister is contradicting. All I said was that when he was in opposition he was very much opposed to increases in freight rates but that following the 1957 election when a 3.6 per cent increase in freight rates was awarded by the board of transport commissioners the government stepped in and said: this increase will not be allowed. That was before the 1958 election.

Mr. Diefenbaker: That was not so. If the hon. gentleman is not paying greater attention to verity than he is in that statement, then I can only weigh the rest of his statement with the sense of responsibility which he exhibits.

Mr. Argue: That is not a very profound statement from the Prime Minister. He is losing his temper now. A few moments ago he was very careful. He was glad—

Mr. Diefenbaker: Mr. Chairman—

Mr. Argue: I have the floor and I claim my right to the floor.

Mr. Diefenbaker: I rise on a question of privilege, and I want to clarify this. The hon. gentleman keeps repeating that the decision was made prior to the election. That statement is not in accordance either with fact or truth.

Mr. Argue: My statement was that the 3.6 per cent award was made, the judgment was made before the 1958 election. I do not think there is anything to deny in that.

Mr. Diefenbaker: Not the decision.

Mr. Argue: Not the decision to disallow it; that was made shortly thereafter. But that was the policy of the government before the election. That was the policy which was brought about by this decision taken to disallow the 3.6 per cent increase in freight rates. But that is a policy far different from the policy to be followed now, if, indeed, it is worthy of the name of a policy, namely that an increase of 17 per cent in freight rates is first to be allowed and then at some later date the Minister of Transport brings in a motion to provide a subsidy to the railways to roll back the 17 per cent to 10 per cent. We still have at this very moment a 10 per cent horizontal increase in freight rates which is adding to the great burden of discriminatory freight rates in this country against which the Minister of Public Works complained so effectively and so frequently while he was in opposition.

Mr. Green: May I ask the hon. gentleman a question? Does he believe that the wage increases should not have been allowed?

Mr. Argue: I will tell the Minister of Public Works that it is a mistake for either this government or the board of transport commissioners to tie together recommendations of a conciliation board and awards of the board of transport commissioners. No increase in freight rates should automatically result from an increase in wages. The position taken by the Minister of Transport and by this government is, apparently, that if there is an increase in wages an open and shut case is provided for the board of transport commissioners to grant a corresponding increase in freight rates. That is not the position I take. The position I take is that the board of transport commissioners should at all times look at each and every application on its merit and should not postpone its decision until some other board has made a decision or until the cabinet has decided what action to take.

It is up to the board of transport commissioners to consider each request on its merits. Eight provinces came before this government. The Prime Minister can correct me if I am wrong but I believe they came not to complain about the increase in wages but to ask that the 17 per cent freight rate increase be disallowed. The government got into so much trouble with eight of the provinces that it has decided on this half-measure as a method of quieting the provinces and calming the people of the country.

Apparently we have in embryo a royal commission. I have been trying to find out if the order in council has been passed setting up the royal commission. The Minister of Transport under whose department this legislation comes apparently is not going to make the announcement but he has prepared the way for the announcement that is to come later. He hinted in the house that an announcement would be made by the Prime Minister.

Mr. Hees: Mr. Chairman, I did not hint at all. I definitely stated that there would be an announcement made by the Prime Minister.

Mr. Argue: Not about the royal commission. You did not say that.

Mr. Hees: Yes I did, today.

Mr. Argue: It took considerable effort on the part of the opposition to find out if there would be a royal commission or some other body appointed. The Minister of Transport did not make that too clear. The hon. member for Laurier asked him a question to this effect on March 24 and as reported at page 2208 of *Hansard* of that date, the Minister of Transport replied:

> I might answer the hon. member for Laurier on that point now, Mr. Chairman. A much longer, long term inquiry is under very active consideration by the government at the present time and I expect that in the very near future the Prime Minister will be making the kind of announcement to which the hon. member has referred.

Mr. Hees: Well?

Mr. Argue: Well, there was no reference in the words of the minister to a royal commission.

Mr. Hees: Mr. Chairman, if the hon. member has reached the stage where he is so naive that he cannot read into that statement that in all probability the announcement of a royal commission was going to be made then he is not as smart as I know he is.

Mr. Argue: But, Mr. Chairman, with this government I have learned that you have to find out precisely what is meant and then you have to watch hon. members of the government very carefully to see that they do not sneak away from what they have said. The

minister did not use the term "royal commission". He implied it, and that is exactly what I said earlier when the minister started bobbing up and down in his seat. We had no announcement in the house and then, according to the press, the Prime Minister during the Easter recess announced that a royal commission would be appointed shortly. An article by Harvey Hickey in the Toronto *Globe and Mail* of April 3, reads in part:

> A royal commission will be appointed shortly to examine the whole structure of railway freight rates, Prime Minister Diefenbaker announced today.

Parliament was not in session. According to this press report the Prime Minister made the announcement during the Easter recess. We are now attempting to ascertain the terms under which the royal commission will operate. We have met with no success. We have been told that we will have an opportunity to discuss this question. We have not been told whether it would be in order but the government agreed it would make the announcement so parliament would have a chance to have the order in council before it when hon. members were in committee upon the bill that is to follow this resolution. In other words, it will be before us when we are in committee on another matter. At that time if the chairman should rise and say we cannot discuss the terms of reference of the royal commission because we have to stick to the clauses of the bill, will there be anyone to say that the chairman is not correct?

Mr. Nowlan: Mr. Chairman, surely the hon. member knows he could not be more out of order than he is at the moment in discussing a royal commission on this resolution?

Mr. Argue: Well, is that not a brilliant comment from the Minister of National Revenue?

Mr. Nowlan: It may not be brilliant but it is perfectly true.

Mr. Argue: I do not know if the minister was in the house on the orders of the day—

Mr. Nowlan: He was.

Mr. Argue: —but if he was he would know that Mr. Speaker said the place to discuss the question of the royal commission was at this very point and because of Mr. Speaker's suggestion we have been discussing it.

Mr. Nowlan: Is the hon. member then afraid that the Speaker later on will rule him out of order?

Mr. Argue: That is not quite the ground that the minister raised just a moment ago when he accused me of being out of order. My point is that I am in order because the Speaker said we would be in order. The Speaker has not said he would allow a discussion at a later date which might be ruled out of order.

The Minister of National Revenue should know that the Prime Minister has been discussing this very question. The Prime Minister has been alluding to a royal commission. He said a royal commission would be set up but apparently its terms have not been decided upon. I should like to know if the order in council has been passed. First it was hinted that there would be a royal commission appointed and then an announcement was made during the Easter recess but now we are told it has not been set up. The announcement has been made but the government is looking to the opposition to tell it what the terms of reference should be. The government has been floundering for a long time and well they might seek our advice.

My advice to the government is first of all that it does not need a royal commission. There have been enough royal commissions on this subject. All the government needs to do at this time as far as further increases in freight rates are concerned is to continue the position it took not many months ago that there should be no further increases in freight rates.

I suggest that the government give consideration to amending this resolution. It is possible to amend it provided a cabinet minister other than the Minister of Transport moves the amendment and provided there is a seconder. I suggest it should be amended to provide a subsidy that would roll back the total 17 per cent freight rate increase so there would be no increase at all and particularly in view of the fact the government disallowed the 3.6 per cent increase. That would be much better than this wishy-washy, catch-as-catch-can policy the government is now trying to get away with. The Prime Minister needs help on what the royal commission should be inquiring into and with respect to what it should do. I do not agree that a royal commission is necessary but if that is the policy of the government I suggest the first instruction to be given the royal commission to bring in recommendations that will prevent further increases in freight rates. That is the first thing that should be provided in the terms of reference in the royal commission.

The second instruction given the royal commission should be to bring in suggestions as to how equitable freight rates can be provided in this country. Those are things the commission should be doing, if there must be one at all. It should also be instructed to examine into the balance sheet of the Canadian Pacific railway to see how this railway

has shown low profits on its railway operations when it is in fact making all kinds of profits on its other operations.

I suggest to the Prime Minister that the terms of reference should include the matter of the board of transport commissioners considering all of the profits of the Canadian Pacific railway and not just those profits earned from railway operations. The Canadian Pacific railway is a mammoth corporation with many departments. It pretends to show need as far as its railway operations are concerned but it has very large profits in several fields.

I have in my hand its 1958 annual report and on page 25 there is a statement of "other income". With regard to net earnings from steamships there was a loss of $1,212,571 in that year. Net earnings from hotel, communication and other properties amounted to $481,393. Dividends amounted to $7,943,339. The next item is net income from petroleum rents, royalties, reservation fees and land rents. There is a very large profit of $6,828,-123 resulting from land granted to the C.P.R. from the public domain many years ago. Net income from interest amounted to $3,808,428, and the sub-total is $17,848,712. There are the profits of the C.P.R. other than the profits that have been made from railway operations. These are things that should be considered in any inquiry.

Then, as has been mentioned by the hon. member for Vancouver East, we feel that a royal commission should give consideration to a national transportation policy to serve the needs of the Canadian people. It should consider the efficient operation of the railways and the provision of adequate services. It should discontinue the policy of taking only the railway operations of the C.P.R. as the yardstick in establishing freight rates in this country.

We have had many royal commissions in this connection in the past. We do not need another one today. We need action by the government, action to roll back increases in freight rates, action to prevent further discrimination through horizontal increases in the future. The government should be enunciating its policy and program instead of bringing forward this temporary measure which may provide very little by way of alleviation to the Canadian public.

I do not think this point has been clarified yet and I should like to ask the Minister of Transport or the Prime Minister to say whether or not it is the policy of the government to prevent further increases in freight rates until such time as the report of the royal commission is in the hands of the government. That, at any rate, would be some progress.

Mr. Hees: Mr. Chairman, if the hon. member had been in the house and had paid attention or had read *Hansard* he would know that in the statement I made at the opening of this debate I said, as found on page 2208 of *Hansard*:

> As hon. members know, the government has indicated its intention of proceeding with a comprehensive inquiry into matters affecting the railways. The proposed legislation therefore limits the assistance to a 12-month period, when it is hoped a report will be available to the government. Consideration will then be given to means of further relieving the unfair discriminatory burden of the freight rate structure. In the meantime the government does not propose to permit any further general increases in railway freight rates.

I do not think I can spell it out any more clearly than that.

Mr. Argue: Mr. Chairman, the minister used the word "hope". He hopes that a report will be available within a 12-month period.

Mr. Hees: That is right.

Mr. Argue: If the report should not be available within a 12-month period, does the minister's position still stand, namely that for any additional period until the royal commission reports there will be no further increases in freight rates? My question is very specific. It is not tied to a 12-month period or a 10-month period or a 14-month period. Is it the intention of the government to prevent further increases in freight rates between now and the time the report of the royal commission in question is placed in the hands of the government?

Mr. Hees: Mr. Chairman, the government is dealing with this matter 12 months at a time. If at the end of that 12 months it is obvious that it will not be possible to receive the report then it is obvious that the government will have to give this matter further and very serious consideration, and that the government will do. In the meantime we intend to proceed along the lines I have outlined.

Mr. Argue: I do not think that answer is particularly satisfactory because it shows that unless the government has some club that will force this royal commission to report within a 12-month period the people of the country have no assurance that after that 12-month period and before the royal commission may make a report there will not be further horizontal increases in freight rates. I know one can take it from the statement of the hopes of the minister that the royal commission may report within a 12-month period, in which case the people of the country will be saved during that time from further horizontal increases in freight rates but there is

no guarantee that there will not be further increases after the 12-month period if the royal commission report has not been made by that time.

Mr. Hees: And I feel sure that if the government gave an assurance for two years the hon. member and his colleagues would ask for five. If the assurance was for five, they would want 10 and if it was for 10 they would want 20 and so on. You cannot please them.

Mr. Chevrier: May I have another word in connection with the invitation extended by the Prime Minister with reference to suggestions? I do so with great timidity because I know this is a matter of extreme importance but a number of things come to my mind now and I give them to the house, to the government and to the Prime Minister for what they are worth. In the first place, we have already had an excellent royal commission on transportation, and if I remember what the Prime Minister said when he was on this side of the house I think he was very happy when the announcement was made of the personnel of that commission. I think he was also very happy about the recommendations brought down by the Turgeon commission. Be that as it may, there is no doubt that the inquiry conducted by that royal commission with respect to the freight rate structure was one of the most exhaustive that has ever taken place. Therefore, first of all I think that the royal commission to be established should not be asked to go over the same ground covered by the former commission unless there are matters which have intervened between the 1951 report and the position as it obtains today, which need inquiry.

I also think that the royal commission might well give some consideration to a subject which has been discussed in the house so often, namely the impact of horizontal increases on the extremities of our country, on the maritime provinces, on the prairie provinces and on British Columbia. The Prime Minister will remember that when he was on this side of the house he complained very bitterly, and perhaps rightly so, about the impact of horizontal increases. The 17 per cent case has had a very serious effect so far as horizontal increases are concerned. In other words, that judgment has pointed up the discrimination horizontal increases create in the case of the eastern and western provinces. The 7 per cent reduction is simply an alleviation of that difficulty, but not a solution; and therefore I think this is another matter to which the commission might give consideration.

[Mr. Argue.]

But perhaps the most important matter that I think should be considered is a long term and short term policy for the railways of this country. I am sure that the Minister of Transport and the government do not have the time to deal with matters of this kind. It seems to me that the commission might well be given, as one of its terms of reference, the consideration of the long and short term policy for the railways of Canada.

With reference to the short term policy I can give to the house four matters which might well be considered. The first is this: The railways have always maintained that some passenger services are an unprofitable operation. Should these services be curtailed or should they not? There is no doubt that some of these services should not. Whether or not the commission should be entrusted with consideration of matters of that kind is, of course, for the government to determine. However, it seems to me that since the railways complain so often, not only in statements by the presidents of both railways but in statements before the board of transport commissioners, that some of these are unprofitable operations then perhaps this is a matter which the commission should be considering.

Then, there is the question of the branch lines of the railways. Are unprofitable branch lines to be maintained? There are some branch lines that must of necessity be maintained. There are, I know, in the Canadian National Railways branch lines that are unprofitable. Are they to be continued at the expense of the ratepayer who will, in effect, because of these pay increased freight rates?

There is also the all important question of the dieselization of the railways. Should railways be completely dieselized or should they not? This is an extremely important matter. Again there is a new factor that has come into railway operation recently and that is the piggy-back rates. Should they be maintained? Should the railways be allowed to fully exploit these rates?

There is another matter which I refer to the government and it is a matter which is of particular interest to the western provinces, but more particularly to the province of Alberta than to any other province. I refer to the one and one-third rule. The Prime Minister will recall that the Turgeon commission made a recommendation concerning the one and one-third rule for intermediate territory and that recommendation of the royal commission was implemented by an amendment to the Railway Act. Unfortunately, however, because of a judgment handed

down by the board of transport commissioners the one and one-third rule is practically inapplicable today. It has no force. While it did apply it was, I am told, of tremendous benefit to the intermediate territory, that is the territory to which transcontinental rates do not apply. This is a matter which the royal commission might well consider, as to whether or not it is possible to implement the one and one-third rule and give the benefit to Alberta and intermediate territory which was envisaged by the Turgeon commission.

Mr. Winch: Is it not now in operation?

Mr. Chevrier: It is in the Railway Act, but unfortunately because of a judgment which the board of transport commissioners handed down in the cast iron pipe case it is, I am informed, no longer operative. I think that is a matter to which the commission might well give consideration.

I do not want to delay this measure any longer. I conclude simply by saying that these are matters that refer to the short term policy of the railways. There is something far more important and that is the long term policies of the railways. I would not attempt to deal with them because that is a matter for the experts. I think that if a royal commission is going to be established that is another matter which should be considered.

If I may, and if the Prime Minister will allow me, I should like to refer to the discussion which took place a moment ago. There were some very pertinent statements made by the Prime Minister dealing with freight rates. I should like to bring them to his attention and ask him if he will comment on them. When he was in Saskatoon on February 13, 1958, here is what he had to say with regard to freight rates:

> Mr. Diefenbaker said that last year he had criticized general railway freight rate increases as being unfair to the western provinces.
>
> "Did we act?" The government had "help up" a 3.8 per cent railway freight rate increase allowed by the board of transport commissioners earlier this year.
>
> "We said it could not at this time be justifiably brought into existence".

Then, later on, according to a Canadian press report from Windsor, the Prime Minister is reported as stating:

> On freight rates, Mr. Diefenbaker spelled out for the first time his government's apparent intention on the increase granted in January by the board of transport commissioners.
>
> "We said before we were in power that freight rates were unjustifiably high when raised horizontally", he said.
>
> "Did we act? When the board allowed an increase, we held it up because it couldn't be justifiably brought into existence on the basis the increase was provided."

Those two statements were made in February of 1958 and that, of course, was before the March election. I bring them to the attention of the committee. My purpose in rising was not so much to do this as to make suggestions, which are given in all modesty and which I know do not begin to deal with the all important problem. They are given for what they are worth, and in an effort to be constructive.

Mr. Winch: I only rise to make one statement. A few minutes ago the Prime Minister and I engaged in a little crossfire which we both appreciated. At that time he said that since the terms of reference are not yet drawn he would appreciate any information or suggestions concerning the terms of reference. I told the Prime Minister that I had expressed my thoughts in connection with a number of matters this afternoon.

There is one more thing to which I should like to draw the attention of the Prime Minister and which I think is of some importance in connection with freight rates. This afternoon mention was made of the competition between the railways and the truckers. I believe that it would be interesting if any commission appointed by the Prime Minister were to have the power to investigate what the truckers get and what the railways get, and to ascertain how many of the major trucking lines in Canada are owned by the railways. It would be interesting to find out just what this camouflage is. I know it exists because of the information which I receive in my office from certain truckers' associations. I know that the majority of these truckers are owned by the railroads, and it might be interesting if the commission were to study the competition between the railroads and the trucking lines, and the trucking lines that are owned by the railroads.

Mr. Diefenbaker: May I ask a question of the hon. gentleman for information? He says he believes that the majority of the trucking firms are owned by the railways—

Mr. Winch: I said that some of the major trucking lines are owned by the railroads. In British Columbia you will find that is particularly true, and last year one of the biggest trucking companies in Canada was bought by the railroad. In spite of this these truckers, in their association, raise cain about the freight rates set by the railroads when they are themselves owned by the railroads.

Mr. Fisher: It was very sweet of the Prime Minister to come in and give the debate a bit of focus which it was not getting from the Minister of Transport. He asked us to offer suggestions. One of the first ones we have to offer—and it is not so much a suggestion as

a conclusion that I would draw—is that in one year you are not going to get a decent royal commission report on a topic of this size unless you instruct the royal commission to go away for six months into retreat and to plow through the information that is available from the previous commission and also from the hearings that have taken place before the board of transport commissioners.

The fundamental problem in our whole railway policy, according to Mr. Currie who has prepared the longest, most detailed and most difficult book on it, is this. He boiled it down. As he said, it could be expressed in one sentence. It was that Canadians had never made up their minds whether they wanted their transportation policy to be socialistic or free enterprise. In other words, we have never made up our minds whether we are going to be for subsidization all the way across the board wherever possible or whether the railways are expected to operate as business units.

It seems to me that if you are going to charge a royal commission with the investigation of the railways there is a real starting point, namely should the royal commission not advise us as to whether the railways are supposed to operate as business organizations or whether they are institutions operating in the public interest and so the question of profit does not enter into it at all. This sort of hybrid arrangement that we have at the present time with the Canadian Pacific Railway supposedly operating as a free enterprise concern and the Canadian National Railways operating as a government concern needs resolving. That is what the royal commission really should do. It certainly cannot do it in one year, and thresh out a policy like this. That is why the whole idea of this being an interim measure and that we are going to get some magic report is rather nonsense. The very number of people who will want to appear before this royal commission when it has hearings I think is an indication that it is going to take more than a year.

The minister said earlier that it took from 15 years to maybe 30 years to begin to appreciate and understand freight rates. I am wondering where we are going to get for this royal commission the personnel with that kind of experience. The only place that I know of where you can get it is from the board of transport commissioners. As they are already constituted, why not let them handle this particular job?

One of the things the hon. member for Laurier mentioned that the commission should investigate fits into this picture of free enterprise or socialism, namely this question of non-productive lines. You get some really stupid examples. We had one in our region where the C.P.R. ran a railway into Manitouwadge from the south and the C.N.R. ran one in from the north. There is not enough traffic to keep either one going on a really prosperous basis. This is something that happened recently, within the last three or four years. It is a typical example of mismanagement or poor planning or something like that. However, somebody is stuck with the result and I have a hunch that it is the people of Canada.

I think one of the decisions that really needs to be made very firmly by this royal commission is what is to be done about non-productive lines. Do we go along with them or do we not? As the minister knows, every time there is a suggestion of reduction in service, howls go up. I know that I happen to have more railway division points in my constituency than has anybody else in Canada. I have six of them. Last year when the Canadian National Railways was taking off one of its transcontinental trains a tremendous uproar went up and as a result of the uproar the Canadian National Railways reversed its decision. The decision must have been reversed because it was in the public interest. Here is a typical example of public interest determining something that the president of the C.N.R. had said was uneconomic. Hence essential to this whole problem of the commission in its terms of reference and what it is going to decide is the decision whether we are going to have a national transportation policy based upon the general interest of the country or whether we are going to go on with this half and half system, of pseudo free enterprise and pseudo socialism. I hope that the terms of reference will be such that the royal commission can come up with some real answers.

The hon. member for Laurier mentioned another aspect, as did the hon. member for Vancouver East, namely that the study has to be more than just a study of railway freight rates. The largest pressure groups in this whole field of freight rates or the most vocal and vociferous ones are the ones in relation to trucking. There is also the question of the international aspect of rates and the water rates with the water shippers that need to be studied closely. In other words, from railway freight rates you immediately branch out into all forms of transportation. You cannot consider freight rates without looking at passenger tariffs because they are indivisible in terms of the service that is being provided, since trains have to run over the same rails and the same provisions for one kind of service are used in another. I therefore suggest that the terms

of reference should be extremely broad and that the commission should be encouraged to bring in a complete report setting out a national transportation policy for the government and for the people of Canada, not for five years nor for ten years but for the foreseeable future.

Mr. Chevrier: May I ask one question of the minister. First I should say that there are now two applications before the board of transport commissioners, one for an additional 15 per cent by the railways which the minister said would be held up and another for commuter rates. I am just wondering whether the statement the minister made in his first speech before the Easter recess, namely that there would be no increase in freight rates, covered the application for commuter rates as well.

Mr. Hees: I was talking about a general freight rate increase.

Mr. Chevrier: May I just clarify that matter? The application with regard to commuter rates is a general application. Does the minister mean that his answer does not apply to the commuter application?

Mr. Hees: That is correct.

Resolution reported and concurred in.

Mr. Hees thereupon moved for leave to introduce Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Motion agreed to and bill read the first time.

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

Mr. Hees: Now.

Mr. Speaker: By leave now?

Mr. Hees: Now.

Mr. Chevrier: Next sitting.

Mr. Speaker: By unanimous consent.

Hon. George H. Hees (Minister of Transport) moved the second reading of the bill.

Mr. Chevrier: Mr. Speaker, I have some remarks to make on the second reading. From the leader of the house I understood last night that this matter would be put over for discussion until another day.

Mr. Argue: Next sitting.

Mr. Chevrier: I do not wish to delay it unduly but I think there are things which could not be said on the resolution but which might preferably be said on the bill.

Mr. Speaker: Shall this bill be read the second time at the next sitting of the house?

Some hon. Members: Agreed.

Canada Shipping Act

CANADA SHIPPING ACT

AMENDMENTS RESPECTING MORTGAGES, CERTIFICATES, PILOTS, ETC.

Hon. George H. Hees (Minister of Transport) moved the second reading of Bill S-3, to amend the Canada Shipping Act.

He said: Mr. Speaker, the amendments proposed by this bill are for the most part of a technical nature and many of the clauses represent merely a clarification in wording or a tidying up of existing legislation. Since there will be ample opportunity to discuss these technical details in the committee to which this bill will be referred I will not go into detail on them at the present time. They cover such matters as registration of mortgages on vessels, definition of international voyages and of minor waters, certification of officers and engineers, inspection requirements, and so on. Apart from this the principal clauses in the bill deal with the certain aspects of marine pilotage.

For some years officials of the Department of External Affairs have represented to us that the existing section 346, which provides exemptions from the compulsory payment of pilotage dues, is discriminatory against foreign flag ships in that the exemptions apply only to ships registered in Her Majesty's dominions. Such discrimination is contrary to the provision of a number of treaties in force between Canada and other states, such as the United States, dealing with navigation matters. With the opening of the St. Lawrence seaway and the expected extension of the great lakes trade to the gulf of St. Lawrence this point will assume considerable importance. Our treaty obligations require that we be in a position to accord to the ships of the other nations with whom we have these treaties the same kind of treatment as we give to British ships that may be engaged in the same trade, but the present section 346 does not permit exemption to be granted to any ships but those under the British flag. A proposed amendment will correct this situation.

Perhaps it would be well at this time, Mr. Speaker, for me to say an additional word of explanation concerning this matter of compulsory payment of pilotage dues. There is at present no compulsory pilotage in Canada. The view has been held that the master of a ship must be responsible for the safety of his ship, and the decision must rest with him as to whether or not he requires local assistance in navigating narrow waters. The Canada Shipping Act in section 340 is quite specific on this point.

When a district has been declared by the governor in council to be one in which the

payment of pilotage dues is compulsory, certain exemptions apply covering naval ships, government ships, fishing vessels and other small vessels, and ships regularly employed in the domestic trade. However, certain of the exemptions made under the provisions of section 346 may be withdrawn by the pilotage authority of the district by bylaw approved by the governor in council.

We also feel that it should be within the power of the pilotage authority, with the approval of the governor in council, to adjust or add to these exemptions according to the changing times. That is, we believe that just as the government has power now to withdraw exemptions power should also exist to add to the exemptions. This would, however, be done only if a master or mate possessed full confidence and experience to navigate in a pilotage district without the help of a pilot. Only the pilotage authority is in a position to reconcile the sometimes apparently conflicting interests of the pilots and their employers who are the masters or owners of the ships they serve.

The other pilotage amendment covered in clause 10 of the bill is a different matter. It provides for a new part VIA under the heading "Great Lakes Pilotage", and I would ask hon. members when considering this part of the bill to separate it completely from the provisions of part VI of the act. There has never been a pilotage district west of Kingston, Ontario on the great lakes. The masters and officers of the regular lake vessels are, of course, familiar with the waters which they ply, and when the occasional ocean vessel entered the great lakes it was the practice for the master to employ a man who, to distinguish him from the licensed pilots in the St. Lawrence, was referred to as a "sailing master". These sailing masters remained on the ocean ships throughout their voyages on the great lakes and assisted the foreign masters through the narrow channels and in the entrances to the ports. The sailing masters took their rest while the ships were on the open waters of the lakes.

It is obvious that whatever arrangement is made for pilotage on the great lakes should be a reciprocal one as between Canada and the United States, and we have held a number of discussions with the United States authorities on this subject. We do not as yet, however, know the exact form of any legislative action they may take in this regard. However, our sections dealing with pilotage on the great lakes are so designated as to permit us to proceed independently, or to fit in virtually with any scheme which the United States authorities may develop, and also provide for reciprocity with the United States in recognition of pilots' licences or certificates either government may issue. Our basic approach is that within restricted waters which will be defined by the governor in council full pilotage should be required, while elsewhere on the open waters we should at least be satisfied that the ship is carrying a navigating officer or officers fully competent to handle the ship in the open waters.

To summarize the proposed part VIA, it is intended as enabling legislation to empower the governor in council, at a time and to such degree as may be deemed expedient, to require the employment of local pilots by ocean vessels when in the restricted waters of the great lakes; also to take the necessary steps to ensure that every ocean vessel has on board officers who know the rules of the road for the great lakes and can speak English sufficiently to use the radio-telephone.

The only other clause of the bill still to be mentioned is clause 9, which provides that a pilot licensed by the United States authorities for waters forming part of the boundary waters is not committing an offence when he takes his ship across the boundary line. The need for this is obvious when one considers that Canadian pilots must cross and re-cross the boundary line when taking ships up and down the St. Lawrence.

At the conclusion of second reading it is my intention to move that this bill be referred to the committee on railways, canals and telegraph lines for more detailed examination.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the house I am sure will welcome the statement which the hon. minister has made with reference to the second reading of an act to amend the Canada Shipping Act. There are in this bill some sections which are entirely innocuous. There are other sections, on the other hand, which are contentious, and I would like to direct my attention to those sections of the bill which it seems to me are of a very serious nature. I am prompted to say that these sections should not be passed without the most serious consideration. There are several sections that I consider contentious and to which I know the house and the committee will want to give the most careful and serious consideration. These sections the hon. minister has already referred to in general, and I shall not deal with them specifically until I come to them.

In the first place, the question that comes to my mind is this. Why is this legislation necessary? The hon. minister in his statement has given no reason why this legislation should be passed at this time. I presume that the bill is brought down because of

the opening of the St. Lawrence seaway, which will take place some time next month. But while that is the pretext I think the main reason for this legislation is the insistence of the United States to enact this measure.

It seems to me that we should not be asked to pass this kind of legislation until we know what the legislation in the United States congress is going to be. Last year there was a bill brought before congress; it did not go through. We know what the nature of that bill is; I have a copy of it here in my file. But the bill which is now before the United States congress, even if it does goes through all of its stages, cannot possibly be passed until October or November of this year. So I ask the question: Are we being asked to pass this kind of legislation before we know what the concurrent legislation on the other side is likely to be? The minister a moment ago used the expression "reciprocal legislation". Well, this is not reciprocal legislation. It is unilateral legislation. It cannot be reciprocal legislation until the two parties have agreed to what they want in the legislation.

Mr. Winch: And they have not agreed.

Mr. Chevrier: And they have not agreed, as the hon. member says. I say respectfully to the minister and to the house that we should not be asked to pass legislation of this kind until an agreement has been reached with our friends on the other side, because we are going to be at a tremendous disadvantage if this legislation is put through unilaterally as I consider it.

Now I come to another question: why is this legislation required? I can see no reason why such legislation as this should be required at this time. It may be necessary in 12 months time; it may be necessary at another date, but it is certainly not necessary now, and the proof of this contention is that there have been any number of ships—deep draft vessels, perhaps not ships drawing 25½ feet of water, but certainly ocean trampers—which have been going up to the head of the lakes and passing through the St. Lawrence without the necessity of this kind of legislation. This has been going on now since 1947, and according to the evidence which was given in the other place, one pilot stated there were as many as 744 voyages made, I believe, in 1958. This was done by virtue of the present sections of the Canada Shipping Act, and under the appropriate sections of that act, without regard to the bill which is now before us. There is in the act all the power and all the force necessary to deal with the situation which might arise because of the opening of the St. Lawrence seaway. So I ask again: Why should this bill be enacted at the present time.

The next question which comes to my mind is this: Who is asking for this legislation? The St. Lawrence seaway authority does not want it; the St. Lawrence seaway development corporation, which is the United States entity, does not want it; the state department in the United States does not want it; the department of commerce in the United States does not want it. But the United States coastguard wants it. I am almost prepared to go a step further and say that I believe the officials of the Department of Transport deep down in their hearts do not want this legislation either. What has happened is that the coastguard service has put it into their minds that it must have this legislation, and before even it is passed in the congress of the United States they come and ask us to enact a measure of this kind.

I say, with respect to the house, that we should not be asked to pass this sort of legislation because it is not enough to be told—and I say this with respect—by a foreign power that this is necessary. And in effect that is what is happening; the Department of Transport is being pushed around, and the Canadian government is being pushed around at this moment by the demand for the implementation of this bill. We should know why this legislation is required. As it is now, the bill before the congress of the United States provides for certain features which are not acceptable to Canada, and if they are not acceptable to Canada, how do we know that this type of legislation will not affect us in some way or another, and that it may not affect us detrimentally.

How did the minister proceed when he decided, for instance, to implement tolls? There was a section in the St. Lawrence Seaway Authority Act which clearly said that the St. Lawrence seaway authority could establish tolls either by itself or concurrently with the United States. What happened was that the seaway authority set up a tolls committee jointly with the seaway development corporation. It was the tolls committee which made an agreement, and the minister came to this house and asked the house to approve the agreement which had been made by the two countries. That, I submit, is the way in which the minister should have proceeded in this case and there could be no complaint about that because it would be an agreement made between Canada on the one side and the United States on the other and implemented by parliament.

Why do we not proceed in the same manner in this instance? After all, pilotage is important. Pilotage is as important as tolls, and tolls are as important as pilotage. Why is there not a committee composed of a group of three Canadians and a group of three Americans to determine questions of pilotage in the international section of the river, that is to say from St. Regis to the head of the lakes? If we had such a committee, and if an agreement were consummated, we could implement it by way of legislation. But there is no agreement. All we know is that there is a bill before congress, and that this bill, as I have said, may have serious implications for us. I submit once again we should not be asked to pass this legislation until we see the United States legislation and know what it is going to be. What harm will be done if we carry on for another year in the same way as we did in 1958 when 744 voyages were made from the great lakes and the St. Lawrence to ports overseas?

There is another point which comes to my mind and it is one which has not been cleared up yet. It is this: is this legislation valid? I have grave doubts about the validity of this legislation. I may be quite wrong, but I know that there are a number of prominent lawyers who share this view, namely that legislation of this kind cannot and should not be implemented by parliament unless based upon agreement, as I said earlier, or upon a treaty. There should be a treaty or an agreement covering pilotage in international waters. This should be brought before the house and the subject of the agreement or treaty should be implemented by legislation. Even if legislation were required, which I doubt and which I deny, then I say that this is not the method we should use—the passing of legislation which the minister has called reciprocal or concurrent but which, really, is unilateral legislation. In my opinion the course of action to be followed is quite clear—and this is what I said earlier—namely that Canada and the United States should come to an agreement on the subject and that it should be implemented by this house.

What is this going to mean with reference to costs? This is an important matter. There was some discussion earlier about the costs which the seaway is going to bring about and, of course, I now speak of costs in the sense of tolls only. Does the house know that if it is considered by some that tolls on the seaway are high the pilotage which is going to be brought about by this legislation is going to be even higher than the costs brought about by tolls on the seaway, so that if there are elements in Canada or elsewhere that think the tolls on the seaway are high, because of this legislation the costs will be greatly increased.

We must be careful not to play into the hands of the opponents of the St. Lawrence seaway. There have been groups outside of this country that have opposed the St. Lawrence seaway down through the years. When they were finally defeated in the congress of their own country and saw that there was no hope in stopping the seaway they then proceeded to carry on a fight to make the tolls on the seaway so high that they would be prohibitive and make it impossible to move traffic competitively and as well succeed in amortizing the costs of the seaway.

I am afraid that if we pass this legislation without knowing more about its consequences we will be playing into the hands of the opponents of the seaway. These people have but one thing in mind. They have continued by intense lobbying both in the United States and indirectly in this country in favour of high costs for ships moving up and down the St. Lawrence and the great lakes.

I repeat that we do not need this legislation at this time. I suggest instead that there should be a complete overhaul of the Canada Shipping Act with a study of the matters that are dealt with in this legislation. I know what the minister will be prompted to say. He will likely ask, "Why did you not do it when you were on this side of the house?" I will admit at once that perhaps I should have. Possibly I did not realize in the early days when I was on the other side of the house how important this statute was. This is one of the most important statutes to have been passed by this parliament, but it is outmoded and outdated and should be modernized and brought up to date by means of a commission. But over and above modernizing the statute the commission should consider the question of pilotage and the other matters that are under discussion in this legislation. It seems to me that a commission could be very rapidly established. I could suggest names to the minister for that purpose and I know he would consider them very carefully although perhaps not act upon them. Be that as it may, I think there should be a further study of the Canada Shipping Act and of this legislation before we are asked to give these amendments our approval.

There exist now in this act, as I intend to prove, all the sections and powers that the governor in council or the minister need to deal with this situation, to accomplish everything the minister seeks to accomplish without the necessity of this amendment. I

appreciate that that is a far-sweeping statement but I believe I shall be able to establish the validity of it as I go along.

The powers to which I have referred are to be found in many sections of the act but particularly in sections 323 to 329. If the minister will not accede to my request and consider that the time is not yet ripe for this legislation, then I ask him to give consideration to the suggestion that any legislation at this time having to do with the Canada Shipping Act, in the light of what has transpired on the St. Lawrence and the great lakes, should seek to ensure that all advantages be gained by the opening of the seaway. Any legislation at this time should make sure that neither ocean shipping or domestic shipping will be injuriously affected by what is now before the house.

As I said earlier, the legislation arises out of the insistence of the United States authorities to pass a pilotage bill before congress which may well be detrimental to Canadian interests. It appears that the United States authorities and particularly the coastguard want a law that will make pilotage compulsory on the great lakes for ocean vessels other than Canadian or United States vessels by forcing such vessels to carry an additional officer to the normal complement without by proper enabling legislation creating the machinery which would provide the pilotage service required under the bill, a service which where needed, namely in restricted waters, would only be acceptable and satisfactory if it were government controlled and apt to provide the development of a sufficient pool of trained pilots for these restricted areas where pilotage is necessary for the safety of navigation.

What is important, arising out of the development of the St. Lawrence seaway, is the safety of navigation. That is paramount it seems to me and unless we keep that in mind continually we might well get ourselves into serious difficulties. The government should oppose this legislation and by "this legislation" I mean the legislation that is now before congress. It should oppose the legislation and protect itself under its own laws as they are now in existence by setting up pilotage authorities in these restricted waters. It should try to convince the United States authorities that the Canadian system of pilotage provides a suitable pattern on which the United States government could rely to pass enabling legislation providing for the organization of a similar system in the United States which would permit joint administration of pilotage in the restricted waters of the great lakes.

I come back again to the idea of joint administration and concurrent administration just as there is with reference to tolls. If this were found possible with reference to tolls by means of a committee composed of three Canadians and three Americans, surely the same attitude, the same method and the same procedure could be found possible with reference to pilotage. I have no doubt that if the government pursued it in that light, there could be no difficulty whatsoever. The most serious and flagrant danger of this bill is the one that is contained in clause 8 with which I shall deal on another occasion.

Mr. Speaker, may I call it 10 o'clock?

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the leader of the house what the business will be for tomorrow?

Mr. Green: Tomorrow we shall commence with item No. 5 on today's order paper, the second reading of the bill concerning the appointment of parliamentary secretaries; then continue the debate on the amendments to the Canada Shipping Act; and then take the second reading of the bill concerning freight rates.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

INDIAN AFFAIRS—HOSPITAL COSTS

Question No. 198—**Mr. Benidickson:**

1. What was the national average cost per resident patient day for operating the federal government Indian hospitals in the fiscal year (a) 1956-57; (b) 1957-58?

2. What was the national average cost per resident patient day for operating (1) the Sioux Lookout Indian hospital; (2) the Lac Seul nursing station; (3) the Pikangikum nursing station, in the fiscal year (a) 1956-57; (b) 1957-58?

3. What amount is paid currently for treatment of Indian patients if admitted to the community hospitals at: Kenora (General and St. Joseph's), Dryden, Sioux Lookout, Red Lake, Cochenour, Atikokan, Fort Frances, Emo, Rainy River?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Average patient day cost of all Indian and northern health services hospitals:—1956-57, $8.57; 1957-58, $8.95.

2. (1) Average patient day cost Sioux Lookout indian hospital:—1956-57, $8.43; 1957-58, $9.41.

2. (2) and (3) Lac Seul and Pikangikum nursing stations are not hospitals; hence costs cannot properly be calculated on a patient day basis. The bulk of operating costs are attributable to public health work. The actual costs of these two nursing stations were as follows:—

	1956-57	1957-58
Lac Seul	$13,095	$12,185
Pikangikum	11,566	7,787

3. Current hospital rates are set by the Ontario hospital services commission and charges for the general care of Indians are paid by the commission.

HARBOURS BOARD GRANTS IN LIEU OF TAXATION, HALIFAX

Question No. 256—**Mr. Morris:**

1. Does the national harbours board pay grants to the city of Halifax in lieu of taxation on national harbours board properties?

2. If so, what is the formula used in the payment of such grants and is the formula related to the so-called business tax rate or residential tax rate applied by the city of Halifax to taxpayers?

3. What was the total grant paid by the national harbours board to the city of Halifax in lieu of taxation on national harbours board properties in (a) 1956; (b) 1957; (c) 1958?

4. What are the individual assessed valuations of national harbours board properties in the city of Halifax?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. The formula used takes the municipality's total realty assessment on taxable property. The national harbours board's valuation of its own properties is then related to this figure to establish the percentage of board responsibility to the total assessment. This percentage is then multiplied by the municipality's figure for total expenditures on police and fire services. The formula is not related to either the business or the residential tax rate.

3. (a) $75,000, (b) $75,000, (c) $75,000.

4. The board's valuation of its properties in the city of Halifax, as set in 1954, is $5,564,728.

The hon. member has agreed to accept the above answer reserving the right to examine the details on file in the national harbours board.

C.N.R. GRANTS IN LIEU OF TAXATION, HALIFAX

Question No. 257—**Mr. Morris:**

1. Does the Canadian National Railways pay grants to the city of Halifax in lieu of taxation on Canadian National Railways properties?

2. If so, what is the formula used in the payment of such grants and is the formula related to the so-called business tax rate or residential tax rate applied by the city of Halifax to taxpayers?

3. What was the total grant paid by the Canadian National Railways to the city of Halifax in lieu of taxation on Canadian National Railways properties in (a) 1956; (b) 1957; (c) 1958?

4. What are the individual assessed valuations of Canadian National Railways properties in the city of Halifax?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. Yes.

2. Valuation—railway roadway, according to average value of adjoining lands. Land, other than roadway, at actual value. Buildings—stations, freight sheds, offices, warehouses, elevators, roundhouses and machine, repair and other shops at actual value.

Rate—50 per cent of the merged average rate of taxation for the 5 year period immediately preceding the commencement year of the agreement. "Merged rate" means the effective rate if the residential and commercial rates were not operative.

Note—Land and buildings thereon under lease are excluded from the grant. Valuations are revised annually to allow for changes in holdings and leaseholds.

3. 1956, $75,000.00; 1957, $75,348.53; 1958, $75,615.81.

4. The accepted value as contained in the agreement between the city of Halifax and

the Canadian National Railways is $5,356,975 made up of land $3,857,415 and buildings $1,499,560—total $5,356,975.

PETAWAWA FOREST EXPERIMENTAL STATION

Question No. 303—**Mr. Fisher:**

1. Has the forestry branch been asked by the Department of National Defence to lease certain portions or all of the Petawawa forest experiment station or to abandon any experimental areas?

2. If so, what were the reasons, nature, and results of such requests in the period since 1950?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes—to abandon certain areas.

2. Because of the increased range of modern weapons and the need for conducting brigade training schemes, the Department of National Defence required part of the military reserve on which the forestry branch previously had rights of use for forest research purposes. As a result of a formal request from the deputy minister of national defence, dated July 2, 1958, the area available for forest research has been reduced from approximately 93 to 36.5 square miles of land for continuing research with a consequent loss to the forestry branch of about 50 per cent of long time silvicultural study areas. In return, the forestry branch obtained full rights of use on a remaining 36.5 square miles with relatively secure tenure since such rights of use would be withdrawn only in a national emergency. Several small experimental areas within the released area are also retained temporarily until 1963.

TELEGRAPH OFFICES, CAPE BRETON ISLAND

Question No. 314—**Mr. Chevrier:**

In connection with the government telegraph offices closed on Cape Breton Island, how long had each office been in operation and who was employed as operator in each case at time of closing?

Answer by: **Hon. George H. Hees (Minister of Transport):**

Office	Opened	Operator at date of closing
Arichat	*March 15, 1928	Mrs. Albert Nichol
Baddeck	Jan. 1, 1882	Miss Dunlop
Big Bras d'Or	July 19, 1882	H. Campbell
Breton Cove	April 1, 1899	D. B. McLeod
Cheticamp	April 1, 1887	Mrs. M. Fiset
Gabarus	Jan. 16, 1904	Miss C. Grant
Grand Etang	April 23, 1893	Jos. Douchette
Englishtown	July 19, 1882	Miss W. Bingham
Ingonish Ferry (Cowan's Cove Beach)	June 29, 1903	G. H. Hackett
River Bennett	Feb. 6, 1914	Capt. M. Smith
St. Peters	Nov. 1, 1903	D. Morrison
Margaree Forks	Dec. 10, 1908	Miss Sarah McDougall
Lower L'Ardoise	Nov. 1, 1903	Mr. Bremner

*Previously operated by Western Union.

HOUSE OF COMMONS

Wednesday, April 8, 1959

The house met at 2.30 p.m.

HOUSE OF COMMONS

PHOTOGRAPH OF HOUSE IN SESSION BY NATIONAL FILM BOARD

Mr. Speaker: The retaking by the film board of the photograph of the House of Commons in session has been arranged for tomorrow immediately after prayers. I hope all hon. members will be in their places so that we shall have as complete and as good a photograph as possible.

THE BUDGET

TABLING OF BUDGET PAPERS—ANNOUNCEMENT OF DEFICIT

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I table copies in English and in French of the white paper containing the budget papers in connection with the budget which I hope to present tomorrow evening. In accordance with the practice which has prevailed in recent years and for the convenience of hon. members I move:

That the budget papers be published as an appendix to today's *Votes and Proceedings* and also as an appendix to tomorrow's *Hansard*.

I suppose, Mr. Speaker, that I might as well anticipate now the inevitable burning question as to how large the deficit has been for the year which ended March 31. Mr. Speaker, it is not more than a billion dollars, as some prophesied. It is not the billion dollar deficit that some said it would be. It is not even the $700 million deficit that I estimated last session it would be. I am very happy to report to the house that we have held the deficit down to $617 million.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to.

RAILWAYS, CANALS AND TELEGRAPH LINES

Second report of standing committee on railways, canals and telegraph lines—Mr. Fraser.

66968-9—148½

EXTERNAL AFFAIRS

NATO—REPORT ON WASHINGTON COUNCIL MEETING

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I have just returned from Washington where I had the honour of heading the Canadian delegation at the spring ministerial meeting of the North Atlantic council. I think the house might be interested to receive a brief report regarding those meetings. First I should like to pass on to you, Mr. Speaker, and the other members of the house the many messages of sympathy which were expressed by his former colleagues, the various foreign secretaries of the NATO countries, with regard to the untimely death of Dr. Sidney Smith.

The meeting I attended was an important one in that the members of the alliance were confronted with a serious challenge as a result of the Soviet union's recent pronouncement concerning Berlin and Germany. It also assumed special significance because it marked the tenth anniversary of the North Atlantic Treaty Organization which came into being on April 4, 1949. In this regard the opening ceremonies, which were attended by the President of the United States, were held in the same hall where the treaty had originally been signed.

At that first meeting, coinciding as it did with a tense international situation, a group of freedom-loving nations decided to join efforts against the danger of aggression. The prospect then of further encroachment on the free world seemed imminent. Those who drafted the treaty believed this danger could be averted only if it were made clear to the Soviet union that an attack on any of the members of the North Atlantic alliance would be regarded as an attack on all of them.

The events of the past ten years have proved the soundness of that policy. Had it not been for the North Atlantic treaty there might well have been further losses of people and territories to the Soviet empire. Indeed, the whole defensive position of the west might have been desperate. We should be grateful to the men of many nations who negotiated the treaty and secured its acceptance. Expressions of gratitude were given at the opening meeting of the sessions I have just attended.

NATO—Report on Washington Meeting

We can take satisfaction from the way in which over the years NATO has gained strength. Mr. Spaak, the chairman and secretary general of the North Atlantic council, in his opening remarks had this to say:

> Ten years ago the North Atlantic treaty gave practical expression to the union of twelve countries and to their common determination to resist any active aggression. Today this union and this determination appear to us so natural and so necessary that we can no longer conceive for our peoples a free and peaceful existence without them.

Modes of consultation have been developed in which all member nations can freely express their views on the common problems. They received the opportunity of expressing those views in the three-day meetings in Washington. As you know, Mr. Speaker, the Prime Minister in his statement of April 7 has already given an account of the position taken by Canada on the principal questions discussed at the Washington meetings. These were primarily concerned with the German problems.

It is unnecessary for me to elaborate on what the Prime Minister has said, though I would call attention to the statement he made about the suggestion which was advanced by the Canadian delegation that in some manner the United Nations might be able to assist in the solution of the Berlin problem. In the House of Commons on March 19 the Prime Minister expressed the belief that the United Nations might play some significant role in the solution of the Berlin problem, and that this suggestion deserved further and more careful study.

Further study has been given to the possibility of the United Nations playing some part, and suggestions were made at the meeting as to how the United Nations might contribute something to the solution of the problem. I pointed out that we in Canada were anxious that consideration be given to ways by which the present arrangements over Berlin could be strengthened, either by supplementary or substitute arrangements. I pointed out that the Prime Minister had made his statement as of March 19, and then I went on to say that I would doubt if the United Nations could play a useful part unless a four-power agreement had first been reached. I suggested that a settlement involving the United Nations need not be weaker, and conceivably might be more stable, than the present position in which the powers are now in Berlin by right of conquest. Although the effective introduction of the United Nations into the Berlin situation could probably be accomplished only through the agreement of the four powers, it could serve to engage the interest of other governments in the freedom and independence of Berlin in a way which no agreement reached solely among the occupying powers could do. Accordingly I suggested it would be worth while for the permanent council to study the possibilities of a role for the United Nations in the application of a solution to the Berlin problem, and an assurance was given that a full study would be made by the permanent council of the suggestions which were put forward.

The two main suggestions which I advanced were, first, that the basic role of the United Nations might be to verify that all parties were abiding by the terms of whatever agreement was reached; and, second, that an essential part of the agreement would be a Soviet pledge binding itself and its associates to permit full freedom of access to West Berlin and the acceptance of a United Nations presence on the lines of communication.

I think all hon. members will appreciate that at this very moment the western powers having special responsibility—the United States, the United Kingdom, France and Germany—after receiving the advice of the allies at the NATO conference, are now preparing for the negotiations which lie ahead, and that great restraint should be exercised and nothing said which might make those negotiations even more difficult. I am satisfied that the views presented by myself on behalf of the Canadian government will be given the most serious consideration by the experts in the series of consultations now scheduled to take place before the foreign ministers' meeting on May 11.

I can report to the house that the unity which marked the council's adoption of its declaration on Berlin last December also characterized the meetings in Washington last week. All 15 nations which were represented expressed their conviction that "the unity of action and policy which the alliance makes possible is the best guarantee of successful negotiations with the Soviet government and of any genuine resolution of differences between east and west".

In addition to the extensive discussion of the problems of Germany and Berlin, the council directed its attention to the political situation in other parts of the world where international communism continues to exert various forms of pressure on the free world. In the Canadian view it is a cause for gratification that during the last year or so there has been a marked increase in consultation among the governments of the alliance in respect of these problems which lie outside the area covered by the treaty. Because the

pressure exercised by the communist bloc is not limited to the countries of the alliance or confined to direct military aggression, the council is obliged to look beyond the territorial boundaries of the treaty in order to prevent encroachment on freedom in other parts of the world.

I am also convinced that in spite of difficulties it is possible to achieve a high degree of harmony in national policies within the present treaty commitments and, without giving ground for misunderstanding, in other areas of the free world.

There was also a useful discussion of the work of the alliance during the past year. The council endorsed the secretary general's report calling for a further impetus to be given to the work of the alliance and recognizing the need for increased collective action in regard not only to political consultation and the common defence effort, but also to certain aspects of economic, scientific and cultural matters.

Canada and the other countries have now had the opportunity to express their views on the problems of Berlin and Germany. The four powers who will be directly involved in the forthcoming negotiations with the Soviet union are fully aware of our views. I am confident that those who are representing these powers will prove equal to the challenge of the tasks they have ahead.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister's statement has proven to be an interesting and valuable supplement to that given yesterday by the Prime Minister on the work of the recent NATO council meeting in Washington. It is, I believe, all the more welcome because it is, if I may say so, more informative than the communique which was issued at the end of the council session. I believe that all hon. members of this house and indeed all Canadians as well as the great majority of citizens in all the Atlantic countries have real cause for satisfaction in the fact that NATO has been able to celebrate its 10th birthday.

The minister mentioned the origin of NATO and those who were responsible for its foundation. I am thinking in that connection especially of four men who did not take part in the ceremony in Washington. I am thinking of John Foster Dulles, who had so much to do with the development of the coalition and who was kept away because of illness. I am thinking, too, of Dean Acheson, who was one of the really effective founders of NATO. I am also thinking of Chancellor Adenauer, a great champion of freedom, who has decided to withdraw soon from active participation in domestic and international affairs. I am thinking also of the former prime minister of this country, Louis St. Laurent, who was one of the first leaders of an Atlantic government to give public expression to the desirability and indeed the necessity of building up an Atlantic community not merely for defence but for development.

We have been successful in these ten years in developing NATO into an effective organization for collective defence, though no doubt its strategy in that regard will have to be changed in the next ten years as it faces new problems in the field of defence. We have not been so successful, as we all know, in building up NATO as an effective agency for development. Perhaps in the years ahead the greatest tests that NATO will meet will be in the field of building up the Atlantic community for purposes other than military defence, to which the minister made reference this afternoon; in the field of co-ordinating foreign policy and economic policy. If NATO cannot make progress in that regard it will undoubtedly disappear as a coalition with the disappearance of the danger and the fear that gave rise to NATO in the first place. And so, as we look ahead to the next ten years, I think all in this house agree that it will be an important aspect of Canadian policy to do what can be done to build up NATO in this respect.

The minister mentioned one test that is immediately before NATO; that is the test which it faces in the settlement of the Berlin and German questions. I quite agree with him; and, as was indicated yesterday, if this problem, so important to the peace of Europe, is to be solved it is desirable to broaden the basis of responsibility for West Berlin from the four occupying powers to all the NATO powers, and to use the NATO council for that and other purposes as an effective agency for negotiation.

I was glad to hear the minister say that he thinks in the last year real progress has been made in that regard. In any steps the Canadian government can take to support that progress I assure the minister and I assure the government they will get full support from this side of the house.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we believe that NATO in the last 10 years has effectively served the interests of the peace of the world. We believe that NATO, with the emphasis that has been given to it, should be greatly changed at this time. NATO has been basically a defensive and a military organization. At a time when people agree that many nations in the world have weapons capable of bringing about world destruction there should be a re-examination of NATO

itself, of the things that have been accomplished under NATO, and an examination to see how we can best proceed.

We are most happy with the emphasis that has been given to the desirability of the United Nations itself playing a greater role in Europe and in questions of peace vis-à-vis the United States, the Soviet union, the North Atlantic organization and the eastern bloc. For many years we have looked for greater emphasis on economic co-operation. The C.C.F. have been greatly disappointed in that so little emphasis has been given to clause II of the agreement. We hope that real emphasis will be placed on economic co-operation, and that the building up of the economies of the countries of the North Atlantic Treaty Organization will take place in the years ahead.

The whole question of Berlin is very much to the fore, and we are hopeful that arrangements will be made to maintain the freedom of West Berlin but at the same time to bring about a withdrawal of troops within central Europe and the strengthening of peaceful relations among the nations involved.

As the foreign ministers' conference approaches, and as the NATO nations are about to go into the consultations to which the minister referred, we feel that this lends emphasis to the need for Canada to be fully represented by the Prime Minister immediately appointing a person to occupy the position of Secretary of State for External Affairs.

Mr. Speaker: Order. I want to remind the hon. member that the scope of comment on a statement is limited to the statement itself. It does not include comment on other subjects such as that on which the hon. member is now embarking.

Mr. Argue: Mr. Speaker, on that point I was referring to the consultations that the minister said were about to take place amongst the NATO nations before the foreign ministers' meeting. I feel it is appropriate to comment on the question as to how Canada can be adequately and fully represented. We feel, Mr. Speaker, that the emphasis which is being given to the United Nations in this whole question is good. We look forward to some real action in the field of economic co-operation.

STARRED QUESTIONS

NEWFOUNDLAND—PUBLIC INQUIRY INTO LABOUR DISPUTE

Question No. 46—**Mr. Pickersgill:**

1. Did the Prime Minister receive a communication from the premier of Newfoundland inviting the government to set up a public inquiry into the violations of the law in the labour dispute in Newfoundland?

2. If so, what was the precise wording of the communication and the precise wording of the Prime Minister's reply to the premier of Newfoundland?

R.C.M.P. REINFORCEMENTS, NEWFOUNDLAND

Question No. 47—**Mr. Pickersgill:**

1. Did the Prime Minister receive a communication from the premier of Newfoundland, regarding the refusal of the government to send Royal Canadian Mounted Police reinforcements to Newfoundland?

2. If so, what were the precise contents of such communication?

3. Did the Prime Minister make any reply to this communication, and if so, what was the precise nature of the reply?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I shall answer the two questions at one time. I do have to refer to question 47 as well. I shall answer it in view of the fact that I undertook to do so, although I do not wish the answer in any way to constitute a precedent, for I believe the question is in derogation of the rule set out in citation 171 (p), Beauchesne's fourth edition, which says:

> No questions must be asked which might prejudice a pending trial in a court of law.

The pertinent words in the telegram from the premier of Newfoundland are as follows:

> The attorney general of Newfoundland informs me that the Minister of Justice of Canada has cancelled temporarily the dispatch of 50 additional officers of the R.C.M.P. for duty in the present emergency in central Newfoundland. Newfoundland has a solemn contract with the Canadian government, identical with those signed by Canada with seven other provinces.

Then it says, after some intermediate words:

> I now ask you to supply us with the additional R.C.M.P. men to enable us to maintain law and order in this emergency according to the contract that exists between us. If you cannot or will not do so will you undertake to have the government of Canada take over the task of maintaining law and order in central Newfoundland. If you will not give us the police to do it as the contract requires you to do then will you take on the responsibility yourselves of maintaining law and order in this emergency.

Then in the other telegram the pertinent parts are:

> In the interest of the peace, order and good government of Canada and to protect the good name of the R.C.M.P. the government of Newfoundland invites the government of Canada to set up at once a public inquiry under a superior court judge from outside Newfoundland to investigate the acts of lawlessness and violence which have taken place in central Newfoundland since the strike of the loggers began on December 31 for the purpose of ascertaining the facts and assessing the responsibility.

Those are the pertinent words. There are, of course, additional ones. To both these telegrams I replied:

I find I have not replied formally for the record to your telegrams of March 12 and 13.

The pertinent words are these:

You will, of course, be aware that the government gave most serious and urgent consideration to the requests in your telegrams. In view of the widespread public interest in the matter it was necessary for us to make public our stand on this proposal in parliament just as quickly as the legislation was ready. I stated the position of the government in parliament on Monday March 16. I understand that you learned of this decision almost immediately when announced. I am sending you, for your records, a copy of the statement taken from the official record of our debates.

Then I concluded:

I feel it would be out of place for me to add anything to that statement.

Hon. L. B. Pearson (Leader of the Opposition): I should like to raise a point of order arising out of what the Prime Minister has just said. He has indicated that perhaps these particular questions are out of order, and as a matter of clarification I should like to ask Your Honour's advice as to whether in fact these questions are out of order, and if so on what grounds they can be considered out of order. The Prime Minister has stated that he does not want his answer to be considered a precedent for this kind of question in the future, and therefore I think this matter should be clarified immediately.

Mr. Speaker: I heard the reservation which the Prime Minister made, but since he did not take objection to answering the questions there is no point that arises for decision now from the Chair. I would not like to deal with the question hypothetically.

Mr. Pearson: That is the point I raise. I assume that if the questions are allowed by Your Honour, then that is an admission that they are in order.

Mr. Diefenbaker: Mr. Speaker, we will have no play on words like that. The statement was quite clear that this was not to be considered a precedent. I had given an undertaking and action was taken subsequent to that undertaking. I said that even though there might be a question as to whether or not these questions should in fact be answered, I would answer them.

Mr. Pearson: The Prime Minister has said there might be a question of propriety with regard to the questions which could be asked, and that is the point I wish to make. In our view there is no question of propriety with regard to these questions, and therefore the Prime Minister's observation that these answers should not be taken as a precedent has no meaning.

Mr. Diefenbaker: I am just following the former prime minister, your leader.

Mr. Speaker: If serious objection to the questions were taken, of course, I would have to deal with the point; that is, that a question should not be answered because of pending litigation. However, since the question has been answered without objection as a point of order it seems to me that with the reservation the Prime Minister has made, he is reserving the right so far as he can do so to object to similar questions in the future, and I am not called upon to make any decision now.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I now raise a question of privilege affecting the privileges of every hon. member of the house. The questions the Prime Minister has just answered call for the precise wording of the communications. It happens, and it will not surprise the house to know, that I have copies giving the precise wording of the communications, which I obtained subsequent to putting these motions on the order paper. The Prime Minister has misled the house by failing to give the precise wording of the communications.

Mr. Diefenbaker: Mr. Speaker, I can understand my hon. friend's feelings. He, the other day, had occasion to give advice to the premier of Newfoundland which was accepted for a few minutes, and then the rug was pulled from under him. When my hon. friend speaks about misleading the house, I would remind him that I wanted to table these letters the other day but he did not want that. I am prepared to do that. I have been asked to give the precise words, and they would be the pertinent words. The trouble with the hon. member is that he does not know what he wants.

Mr. Speaker: The point of privilege, it seems to me, has not been borne out by what was said. I am sure the house will recall that the Prime Minister made it clear that he was not attempting to give the full text but only the relevant parts. I do not think any point of privilege arises such as the hon. member asserted.

Mr. Pearson: The question surely reads, what was the precise wording of the communication. Surely the precise wording of the communication means the precise and complete wording of the communication.

An hon. Member: Table it.

Mr. Pearson: What does precise mean?

Mr. Speaker: If I may say so, that is a different point. That raises the question of the sufficiency of the answer, and it is not

open to the members of the house to question the sufficiency of a reply. It is open to those who are subject to interrogation to give such reply as they see fit.

Mr. Hazen Argue (Assiniboia): On the point of order, Mr. Speaker, may I say this. Since the Prime Minister has referred to this communication or these communications, and has said that he is quite prepared to have them tabled, since parliament itself is involved in that certain excerpts have been made public, I feel that we in this chamber have a right to see the entire documents. I would suggest therefore that they should be tabled, since they have now been referred to.

Mr. Diefenbaker: I thank my hon. friend for the suggestion, because that is exactly what I offered to do. The documents are available.

Mr. Pickersgill: Will the Prime Minister also comply with the request I made the other day when this matter first arose, and agree to ask to have them printed in *Hansard*?

Mr. Speaker: I would ask the hon. member to reserve his remarks for the period of oral questions when we finish starred questions.

[*Later:*]

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Following Your Honour's suggestion, I should now like to ask the Prime Minister if he would be willing, for the convenience of members of the house, to ask the permission of the house to have the communications referred to in starred questions Nos. 46 and 47 made an appendix to today's *Hansard*?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, having regard to the general attitude of the hon. member, I think that would be making a "Lamontagne" out of a molehill.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on a point of order, the Prime Minister should either refuse or accept the suggestion of my hon. friend. Now what has he done? He has countered merely with a calculated and jovial irrelevancy.

Hon. Paul Martin (Essex East): Mr. Speaker, on the point of order may I ask? Is it within the right of any hon. member, including the Prime Minister, when the matter is one involving not just the Prime Minister but all members of this house, for the Prime Minister to say in a despotic way, "No, I will not have this done"?

Mr. Speaker: I think on reflection the hon. member for Essex East will appreciate the answer, which is that it is by unanimous consent that documents are printed in *Hansard*, and that if any hon. member objects, even the Prime Minister, the documents will not be printed. If the hon. member would like me to put his request to the house I shall do so, but I take it the Prime Minister has said no.

Mr. Pickersgill: On a question of privilege, sir, I should merely like to thank the Prime Minister for his courtesy.

Mr. Diefenbaker: I will reciprocate in that, and say there is no need to do other than table the documents.

OIL AND GAS PERMIT RIGHTS, NORTHERN CANADA

Question No. 49—**Mr. Hardie:**

1. What are the names of the ten successful bidders for oil and gas permit rights in northern Canada?
2. Which of these are United States corporations, Canadian corporations, Canadian subsidiaries of United States companies, British corporations, others?
3. Of the total acreage under permit rights, how many acres have been assigned to each of these companies?
4. Of the total acreage under permit rights, what percentage has been assigned to (a) Canadian corporations; (b) United States corporations and Canadian subsidiaries of United States companies; (c) British corporations; (d) others?
5. In this connection, what is meant by "cash bonus bids"?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, in view of the length of the answer I would request that it be tabled and printed as part of *Hansard* at this point.

Mr. Speaker: Has the minister leave to have incorporated in *Hansard* at this point the rather extensive answer which he has to this question?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to above follows*]

1. Assuming that the information required is the one sale on March 9, the names of the ten successful bidders for oil and gas exploration rights in northern Canada are as follows:

Pan American Petroleum Corporation, Calgary, Alberta; Triad Oil Co. Ltd., Calgary, Alberta; Hudson's Bay Oil and Gas Co. Ltd., Calgary, Alberta; Shell Oil Company of Canada Limited, Calgary, Alberta; Canada Southern Petroleum Limited, Calgary, Alberta; Dome Petroleum Limited, Calgary, Alberta; California Peace River Company, Calgary, Alberta; Alberta Bretorada Petroleum Corporation, Calgary, Alberta; Alberta Calgarada Petroleum Corporation, Calgary, Alberta; James Ross, Ottawa, Ontario.

2. United States Corporations: Pan American Petroleum Corporation, Calgary, Alberta; California Peace River Company, Calgary, Alberta.

Canadian Corporations: Dome Petroleum Limited, Calgary, Alberta; James Ross, Ottawa, Ontario; Triad Oil Co. Ltd., Calgary, Alberta.

Canadian Subsidiaries: Canadian Southern Petroleum Limited, Calgary, Alberta; Shell Oil Company of Canada, Limited, Calgary, Alberta; Alberta Calgarada Petroleum Corporation, Calgary, Alberta; Alberta Bretorada Petroleum Corporation, Calgary, Alberta.

British, United States and Canadian: Hudson's Bay Oil and Gas Co. Ltd., Calgary, Alberta.

3. As a result of the March 9 sale, these ten companies received permit rights as follows:

	Acres
Pan American Petroleum Corporation	1,896,442
Triad Oil Co. Ltd.	63,212
Hudson's Bay Oil and Gas Co. Ltd.	95,661
Shell Oil Company of Canada Limited	474,367
Canada Southern Petroleum Limited	63,854
Dome Petroleum Limited	31,445
California Peace River Company	63,854
Alberta Bretorada Petroleum Corporation	150,102
Alberta Calgarada Petroleum Corporation	50,262
James Ross	50,262

4. The percentage acreage breakdown as between the Canadian, United States companies, etc., within the ten companies listed in 3 above is as follows: (a) Canadian corporations, 4 per cent; (b) United States corporations, 68 per cent, Canadian subsidiaries, 25 per cent.

(c) British, United States, Canadian corporations 3 per cent.

(d) Others.

5. "Cash bonus bids" is the amount of cash over and above the permit fee and deposit a bidder is prepared to pay in a public competition for the privilege of obtaining an exploratory oil and gas permit.

Note: The sale of March 9 covered 2,939,661 acres. This brings the total under permit in the Northwest Territories and Yukon to some 80,000,000 acres. Questions 3 and 4 have been interpreted as applying to the March 9 sale only. If they refer to the 80,000,000 acres, the work involved in producing the answers would be very great as the corporate structures of every company holding any permit would have to be examined to determine whether they were British, Canadian, United States, etc.

IMPORTS OF CANNED APPLES, JAPAN TO B.C.

Question No. 50—**Mr. Robichaud:**

1. What is the quantity of canned solid pack apples imported into British Columbia from Japan since January 1, 1958?

2. What is the value of those imports?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, in answer to parts 1 and 2 may I say that statistics are not available because data on canned solid pack apples are not separately recorded in Canadian import statistics.

Mr. Robichaud: Why not?

QUESTIONS PASSED AS ORDERS FOR RETURNS

CF-105—ESTIMATED COSTS

Question No. 200—**Mr. McIlraith:**

1. Did the Minister of National Defence or any member of the government receive an estimate last December from A. V. Roe Canada Limited on the cost per plane for the delivery of 100 operational Arrows (CF-105's)?

2. If so, what was the cost estimate per plane?

3. What would such cost estimate per plane amount to with a spare engine and missiles?

C.B.C.—CABINET REPRESENTATIONS

Question No. 272—**Mr. Deschatelets:**

1. Did the Solicitor General, the Minister of Mines and Technical Surveys, the Secretary of State, the Minister of Defence Production and the Postmaster General make representations at any time since June, 1957 by letter, memorandum, telephone or conversation, to the Canadian Broadcasting Corporation concerning any radio or television program broadcast or proposed to be broadcast over the facilities of the corporation?

2. If so, what was the nature of such representations, when and how were they made, and to what program or programs was reference made?

LANDING STRIP, MINGAN, SAGUENAY COUNTY, QUE.

Question No. 284—**Mr. Bourget:**

1. Has the government built a landing strip at Mingan, in the county of Saguenay?

2. If so, what was the construction cost of the said landing strip?

3. Did the government dispose of the said strip by sale, lease or otherwise?

4. If so, to whom, on what date and on what conditions?

MOTIONS FOR PAPERS

WORK ON MERCIER BRIDGE, MONTREAL

Motion No. 54—**Mr. Argue:**

For a copy of all correspondence, telegrams, reports by inspectors, agreements, contracts, and other documents exchanged between the St. Lawrence seaway authority, the Department of Transport or any other government department,

and any person or persons, since January 1, 1955, relating to any work to be done on the Mercier bridge at Montreal, Quebec.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, there is no objection to passing this motion with the usual reservation with regard to the permission of the province.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation stated by the minister?

Motion agreed to.

ORDER IN COUNCIL P.C. 1959-259

Motion No. 79—**Mr. Dumas:**

For a copy of order-in-council P.C. 1959-259, dated March 5, 1959.

Motion agreed to.

C.B.C.—POLITICAL CONVENTION BROADCASTS

Motion No. 80—**Mr. Fisher:**

For a copy of all reports and memoranda prepared by or for the Canadian Broadcasting Corporation and which has been distributed beyond the Canadian Broadcasting Corporation administration, on any aspects of the Progressive Conservative convention of 1956, and the Liberal convention of 1958.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, when this motion was called the other day I said I could not accept it in the wide terms in which it was drafted. I have since received from my hon. friend a letter in which he has defined the matters he wishes to have included in the return. I am prepared to accept it on the basis of the information I now have and the terms which have been agreed upon.

Mr. Speaker: Is the house prepared to accept the modification of the motion as suggested on the basis of a letter written?

Some hon. Members: Agreed.

Motion agreed to.

CENTRAL MORTGAGE AND HOUSING—AGREEMENTS WITH ST. JOHN'S CORPORATION

Motion No. 84—**Mr. Pickersgill:**

For a copy of the agreement or agreements made in 1956, between the Central Mortgage and Housing Corporation on the one hand, and the St. John's housing corporation on the other.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this notice of motion does not describe accurately any documents which are in existence. However, in accordance with the undertaking I gave yesterday I am obtaining copies of all agreements dealing with dominion-provincial housing projects in St. John's and I shall be glad to table them.

[Mr. Argue.]

Mr. Pickersgill: That is quite satisfactory.

Mr. Speaker: Shall the motion stand in the meantime?

Mr. Pickersgill: It can be dropped as far as I am concerned.

Mr. Speaker: Has the hon. member leave to have this motion dropped?

Some hon. Members: Agreed.

Mr. Speaker: Dropped.

Order discharged and motion dropped.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO MEETING ON R.C.M.P. AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Acting Minister of Justice whether he can explain to the house why the proposed dominion-provincial conference to discuss the Royal Canadian Mounted Police agreement which was to be held this month has been postponed, and whether he can say when such conference is likely to be held?

Hon. Leon Balcer (Acting Minister of Justice): Mr. Speaker, in the absence of the minister I will take this question as notice, and he will give an answer at the proper time.

CIVIL DEFENCE

REQUEST FOR TABLING OF CORRESPONDENCE RESPECTING NEW POLICY

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Prime Minister whether he is now in a position to table the letters which, on March 23, he said he was addressing to the provinces announcing the new policy on civil defence.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am in a position to do so but I have not them available today. I will see that they are tabled tomorrow.

TRADE

CANNED APPLES—IMPORTS FROM JAPAN

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. As the minister could not answer my starred question in connection with solid pack apples imported into British Columbia from Japan since January 1, 1958, can he now inform the house whether any quantity of canned

apples has been imported from Japan since January 1, 1958; and if so, what quantity?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I gave an answer to the hon. member.

Some hon. Members: No.

Mr. Winch: Since when do you import apples into British Columbia?

Mr. Churchill: If there are any more questions before I continue with my reply, I am patiently waiting. Imports which are not of great significance are not listed separately in the returns; they appear under an item "not otherwise provided for"; and apples, if any, which have come from Japan are listed in the statistics of imports under that item. If in future canned apples from Japan become a matter of major importance, that fact will be noted and a separate item will be listed in our returns. But at the present time that is not the case.

Mr. Robichaud: Mr. Speaker, I have a supplementary question. Can the minister tell the house whether any quantity of canned apples has been imported into Canada from Japan?

An hon. Member: He has answered.

Mr. Robichaud: No, he has not.

Mr. H. W. Herridge (Kootenay West): I have a supplementary question, Mr. Speaker. Does the minister realize that even a small quantity of apples imported from Japan into British Columbia is a matter of major importance to the British Columbia fruit growers?

Mr. Churchill: Mr. Speaker, I think it depends on the type of apple that is imported. If the hon. member is concerned with this matter I am surprised that he himself did not raise it, rather than leaving it to his friend opposite over there.

POST OFFICE DEPARTMENT

INQUIRY AS TO EXTENSION OF SUBURBAN MAIL DELIVERY

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I would like to direct a question to the Postmaster General which results from his announcement yesterday about the mailmobiles. Will there be consequential changes in the regulations to broaden suburban mail delivery owing to the introduction of this new Conservative vehicle?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, the basic requirement for house to house delivery is that the houses must be separated by no more than 40 yards, and that will remain. However, not waiting for the introduction of the vehicle, last fall we revised our requirements for extending letter carrier service in the fringe areas of our major cities, and surveys are now taking place to determine where the new and relaxed requirements will enable us to further extend letter carrier service.

GRAIN

INQUIRY AS TO REPORT ON ALLOCATION OF BOX CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. My question arises out of the continuing complaints and dissatisfaction over the distribution of box cars. Since the minister on January 21 said the Bracken royal commission report was in the hands of the printer, and this question was again referred to four weeks ago today, would the minister say whether the report has been lost? If so would the minister look into the matter and see if he can find the report and would he say when the report will be printed? Surely it should not take months to get this report printed.

Hon. Gordon Churchill (Minister of Trade and Commerce): I thought the hon. member was going to add to his speech something about deficiency payments, but he did not quite get that far. The situation the hon. member mentions with regard to continuing complaints in connection with box cars must be only in his own office, from his own supporters. I have been receiving no complaints with regard to the distribution of box cars. Actually the situation with regard to the delivery of grain is excellent this year, and far ahead of what it was a year ago.

If I may come to the question the hon. member led up to very carefully and slowly, the printed report of the inquiry into box car allocation will be available just as soon as it is delivered to my hands from the printer. The printer has other work to do, I suppose, but he is pushing ahead as rapidly as possible with the printing of the report, and it will be placed in the hands of hon. members as soon as possible.

Mr. Pickersgill: May I ask a supplementary question of the minister. Is it the intention of the government to supply an edition in the French language at the same time?

Mr. Churchill: Mr. Speaker, that can be done. If so, of course, it will delay the publication of the report, and I understand from the hon. member's question that is what he would like to have done.

Mr. Chevrier: Why should it cause delay?

Mr. Churchill: It frequently happens that the translation is a little later than the publication of the first report, and it imposes a delay which has to be accepted. It is unfortunate, that is all.

Mr. Argue: A supplementary question. Would the minister mind inquiring of the queen's printer when the report may be available and subsequently inform the house, there is great interest in this report?

Mr. Churchill: I will do everything possible, Mr. Speaker, to accommodate the hon. member. I will ask the queen's printer if it is possible to speed up the work.

EXTERNAL AFFAIRS

SUMMIT CONFERENCE—INVITATIONS TO MEETING IN QUEBEC

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister whether formal invitations to meet in Quebec have now been sent to the governments concerned who will be attending the summit meeting, and if so have any replies been received to those invitations?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Leader of the Opposition asked me a question about this earlier and suggested, as I recall it, that invitations be sent. Informal invitations have been sent. The formal ones will be presented, I understand, when the meeting of foreign ministers takes place.

WATER RESOURCES

CHICAGO DIVERSION—CANADIAN ATTITUDE TO U.S. LEGISLATION

On the orders of the day:

Mr. D. J. Walker (Rosedale): May I direct a question to the right hon. Prime Minister. Would the Prime Minister tell us the attitude of the Canadian government toward the legislation recently passed in the United States House of Representatives in regard to the diversion of water from the great lakes at Chicago?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will try to bring the house up to date on that matter. The bill has passed the House of Representatives and is now before the Senate or a Senate committee. The United States government is aware that the proposal to divert water from lake Michigan at Chicago is causing considerable and understandable concern in this country, and at the appropriate time further official representations will be made. I think that is as far as I can go at this time, but we are paying the closest attention to this matter, at the same time not wishing to do anything that would in any way cause a situation to arise which might not be beneficial

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask a supplementary question. In view of the discussion which took place in the house on at least two occasions with reference to this matter, has the government given consideration to referring the question of the diversion of water out of lake Michigan into the Chicago drainage canal to the international joint commission?

Mr. Diefenbaker: Mr. Speaker, my answer offhand would be that no direct consideration has been given to that question, because of course the matter is now before the United States congress. I am just wondering whether this is an appropriate time for doing that which the hon. gentleman has suggested.

Mr. Chevrier: May I just add one point, which is this. The Prime Minister knows, of course, that the matter has already been referred to the international joint commission in so far as some technical aspects are concerned, and that is what prompted my question. I think it should be given some consideration.

NATIONAL DEFENCE

NORAD—CANADIAN REPRESENTATION ON AIR DEFENCE INTEGRATION DIVISION

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, on March 25 the hon. member for Essex East asked if the R.C.A.F. were represented on the air defence system's integration division of the United States air force. The answer is yes.

POSTAL SERVICE

INQUIRY AS TO IMPROVEMENTS IN RURAL MAIL DELIVERY

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Postmaster General. In view of the fact that the Post Office Department has taken steps to facilitate letter carrier delivery in suburban areas, has the department any plans for making rural mail delivery more widely available?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, even before the steps to which the hon. member has referred were taken, we had reduced our rural mail delivery requirement from four houses per mile to

three houses per mile, which enables us to make a considerable number of extensions in this field.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—REQUEST FOR STATEMENT ON PRESENT POSITION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Prime Minister relating to the remarks he made in this house on March 16 with regard to Newfoundland, and his call for a cooling off period of two weeks. I should like to ask him whether he considers there has now been such a cooling off period and, if so, has he any announcement to make with regard to the matters which were then before the house.

Right Hon. J. G. Diefenbaker (Prime Minister): I was not at the Canadian club today, so I do not know whether or not the cooling off period has been sufficient. As to the second portion of the question, that matter is still under consideration.

BUSINESS OF THE HOUSE

INQUIRY AS TO AMENDMENTS TO UNEMPLOYMENT INSURANCE ACT

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of Labour. I was unable to give him notice, but I did not think he would require it. I wonder whether the minister will indicate to the house when we might expect the introduction of legislation to amend the Unemployment Insurance Act.

Hon. Michael Starr (Minister of Labour): My information is that the bill is now being printed. As soon as it comes off the press it will be introduced into this house.

INQUIRY AS TO SETTING UP OF RADIO COMMITTEE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of National Revenue how soon the government hopes to put a notice on the order paper for the setting up of the committee on radio which he promised at the beginning of the session.

Hon. George C. Nowlan (Minister of National Revenue): The notice can go on the order paper at almost any time, but I am advised by the officers of the house that at the moment there is congestion as far as rooms are concerned and also so far as stenographic services are concerned, and that it would not be practicable to set up a committee until some short time has elapsed. I hope to proceed with this just as soon as I am advised that it is possible to do so.

THE MINISTRY

PROVISION FOR APPOINTMENT OF PARLIAMENTARY SECRETARIES

Right Hon. J. G. Diefenbaker (Prime Minister) moved the second reading of Bill No. C-37, to provide for the appointment of parliamentary secretaries to ministers.

He said: Mr. Speaker, I do not wish to take up much time at this moment on the discussion of this bill on second reading, other than to state that the matter was fully discussed and considered at the resolution stage.

A number of questions were asked during the discussion of the subject at that time, some of which were asked because of an inexhaustible desire for information; others were apparently designed to elicit information of a different kind. I will say no more than I said in introducing this matter at the resolution stage, namely that what is being asked for is the setting up of a system of parliamentary secretaries to ministers.

The terms are clearly set forth in the bill. A question was asked as to the numbers thereof, and hon. members will see that the number is restricted to 16. The salary will be $4,000 per annum and the duties, if I may paraphrase them, will consist of assistance to the ministers to whom the several parliamentary secretaries are allocated, in such manner as the ministers may direct.

I think I can add nothing more to what I said on the introduction of the resolution, and I trust that the same degree of unanimity which was apparent during that discussion will continue, and that it will be possible—and I merely express the hope that it will be possible—for us to conclude our deliberations before the debate on the budget begins.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I do not desire to detain the house for any length of time on the second reading of this bill, because our position with regard to the principle involved was made quite clear when we were discussing the resolution upon which the bill is based. However, we shall have some suggestions to make in committee with regard to some of the detailed provisions of the bill which certainly do not commend themselves to us on this side of the house.

It may be recalled that when we were discussing this resolution the Prime Minister,

in giving his historical account of the background of this matter, indicated that many years ago a bill of this kind was introduced in the House of Commons by the then prime minister, Mr. Mackenzie King.

Mr. Diefenbaker: No; I am sure the hon. gentleman will not mind my pointing out that that is a mistake. Right Hon. Mackenzie King placed on the lips of the governor general the promise that a bill would be introduced, but it was not introduced.

Mr. Pearson: I think that is quite right, Mr. Speaker; it was in the speech from the throne, but the government of the day did not proceed at that time to introduce legislation to implement that particular part of the speech. No doubt the Prime Minister, when he studied the history of that time, discovered in *Hansard* the reason which was given later by the prime minister of that day for his difficulty in regard to proceeding with the bill. He pointed out that the difficulty—the major difficulty—which was responsible for his not proceeding with the measure was that he himself, so he said, would not like to take responsibility for appointing a parliamentary assistant or a parliamentary secretary without consultation and agreement with the minister of the department concerned, and that he found the ministers of various departments were most reluctant to choose from among the members of parliament one who might become an assistant.

Mr. Diefenbaker: And he went further than that; he mentioned deputy ministers.

Mr. Pearson: Yes, he went further than that and said they should be able to work well with deputy ministers.

I call to the attention of the Prime Minister that if this gave rise to a difficulty in those days, that difficulty has certainly been compounded by one clause of this bill, which would put the Prime Minister and the ministers in this difficult position every year. But I shall have more to say about this later, when we come to the committee stage.

Meanwhile I reaffirm what we said when we were discussing the resolution, namely that we shall support the principle of this bill, without prejudice to any observations we may wish to make or any changes we may wish to see introduced when we discuss the bill in committee.

Mr. Hazen Argue (Assiniboia): The purpose of this bill is to make provision for a maximum of some 16 parliamentary secretaries. This parliament during one whole session and for a substantial part of another session has operated in the absence of parliamentary secretaries, and I think those of us who have had some experience in the House of Commons will agree that our experience without parliamentary secretaries has demonstrated the wisdom of this present bill. Many of the cabinet ministers are overworked. They have great burdens, and they need help. There may be a few of them—I can think of a couple—who perhaps are not fully employed, but we realize that many of the portfolios are very heavy and very trying. The provision of parliamentary secretaries would, we believe, be of help to the government, and consequently would lead to the more efficient dispatch of public business.

I am sure there are many ways in which parliamentary secretaries could be helpful to a minister. One such way would be in seeing that questions of which hon. members have given advance notice to a minister are taken to the proper authorities in the appropriate department and the answers obtained. In that way we would obtain greater efficiency in the answering of questions in this house. There have been in this session instances of questions being asked and the replies requiring many weeks before being prepared and presented.

I can think of other ways in which parliamentary secretaries would be of assistance. I think that the Minister of Finance (Mr. Fleming) is greatly in need of a parliamentary secretary. We realize that his portfolio is particularly heavy and that in the past ministers of this department have made great use of their parliamentary secretaries. As a matter of fact, this type of service has been a training ground in some instances for a person who subsequently became the minister of that portfolio. While I believe the major business of parliament should be conducted by the ministers themselves, I can appreciate that parliamentary secretaries may be able to give parliament more adequate answers on many important questions when the ministers are busy with other matters.

To cite another example, parliamentary secretaries would be useful when supplementary estimates are before the house. The secretary may be able to provide appropriate answers. This would depend on the individual himself and the extent to which he had been briefed with regard to questions that might be asked.

I believe that the Minister of Trade and Commerce (Mr. Churchill) could do with a parliamentary secretary. He might, for instance, use him to open letters containing complaints. The minister said he has received no complaints about box car allocation, a comment I was interested in hearing. I would like to see a parliamentary secretary assigned to the Minister of Trade and Commerce who would keep him informed on these

questions and complaints. The minister today seemed not to have any great knowledge about the importation of canned apples. This perhaps illustrates his need of a parliamentary secretary.

The Minister of Public Works (Mr. Green) who is the government leader in the house is an efficient person and in my opinion handles his department extremely well but I feel he would benefit from the assistance of a parliamentary secretary to handle in this house the strategy as far as private members' days are concerned. The parliamentary secretary to the house leader might be able to bring about some arrangement that would give parliament an opportunity to deal in a more effective manner with the whole question of private members' motions and private members' bills. Perhaps we could discover an alternative to the usual course of talking out all of these motions.

In the field of policy it would appear to me that the minister of as important a department as the Department of Labour might make use of a parliamentary secretary to make inquiries into the grave unemployment problem confronting the nation to see what might be done about solving it.

I suggest that the Secretary of State (Mr. Courtemanche) should have a parliamentary secretary to keep track of royal commissions, how long they take to report and what they are doing.

Mr. Pickersgill: And to watch what happens to their reports.

Mr. Argue: A former parliamentary assistant tells me that there is no man made who could accomplish such a task. One royal commission that could be inquired into with respect to the progress it is making is the royal commission on patents and copyrights. This commission has been sitting for many years and parliament would be interested in knowing when a report may be expected.

There is no question about it, the growing complexity of the role of the Canadian government in our economy requires a strengthening of administration from time to time. I am certain that an investment of this relatively small amount of money for this purpose is a good investment for the nation.

Although you may rule that the comment I am about to make is somewhat extraneous to the measure before us, Mr. Speaker, I should like to see the Prime Minister and the government give consideration to the whole question of research assistance not only for the cabinet but for members of the opposition. I know that the Prime Minister is aware of the research problem confronting opposition members and I am certain it is a problem he faced for many years.

Mr. Speaker: I think the hon. member's apprehension is quite correct. He is straying away from the subject under discussion.

Mr. Argue: I was encouraged to continue, Mr. Speaker, by what I thought was the general assent of the Prime Minister with respect to the difficulties that opposition members face in terms of research. I am hopeful that hon. members on all sides of the house in supporting this measure will consider other appropriate ways whereby the democratic administration of Canada may be strengthened.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I want to be very brief notwithstanding the unusual interest and attendance that I see in the government benches with respect to this item of legislation. My sole point would be to ask the Prime Minister (Mr. Diefenbaker) if he is overly enamoured of the term "parliamentary secretary". There are some competent and able people sitting behind him who over years of long association with me would probably speak more frankly with me than with him about the desirability of that phrase. My impression is that many think "parliamentary assistant" is a good phrase.

I know that the Prime Minister and his party are usually inclined to adopt the British system and in the United Kingdom people who occupy these positions are referred to as secretaries. If the Prime Minister has not heard about it I should like to tell him that among those whom I think are eminently qualified for his recommendation for positions of this kind some would prefer the title "parliamentary assistant".

This is something about which there is no political quarrel. I believe we have to lay down somewhat more rigid rules concerning duties and responsibilities and I know that the Prime Minister with his great attention to parliamentary practice has given this a great deal of careful consideration. I think he will be greatly benefited by having this second string contingent of people who feel that even during the recess they have to give assiduous attention to the political and administrative functions of government to assist the ministers who are today coping with such large and fantastically high responsibilities.

If the Prime Minister does not know it, I think he will find that some of those to be appointed will really think that the title of parliamentary assistant as we have had it in the past is a little more appropriate to the Canadian concept than perhaps the British style of parliamentary secretary. I just raise this point.

Provision for Parliamentary Secretaries

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I do not want to delay the passage of this bill, but I feel there are certain very pertinent questions which should be mentioned at this stage of the proceedings. First of all, I wish to say I found it rather strange and even quite interesting while reading the Prime Minister's speech on the resolution stage of the bill to notice that although he had not yet been attacked he felt it absolutely necessary to defend his repeated delays in introducing this legislation by making what I am sure he considered very sly and devastating references to the fact that Mr. Mackenzie King was also guilty of procrastination. This very interesting habit of the Prime Minister (Mr. Diefenbaker) of attacking a government which is no longer in power in a vain effort and attempt to justify his own maladministration is not only a futile but indeed a very infantile exercise which can in no way change the subject under discussion in this house at this time. Of course what Mackenzie King did in 1943 was extremely important to the people who were sitting in the house in 1943, and no doubt at that time the discussions were germane to the subjects which were immediately before that house.

What particularly concerns us now is what this Prime Minister and what this government intend to accomplish with the particular legislation which we have before us, and any other consideration that the Prime Minister may wish to introduce into the discussion can only be considered as a camouflage or as a proverbial blue herring.

Mr. Pallett: Red.

Mr. Cardin: A blue one. Mr. Speaker, it has been quite evident in the past several months that there has been a very distinct reluctance in the mind of the Prime Minister concerning the appointment of parliamentary secretaries. This great day has indeed been postponed for days and weeks and months. As a matter of fact, only recently this resolution which appeared on the order paper was postponed on several occasions.

Mr. Diefenbaker: Cancelled?

Mr. Cardin: I am quite sure that the Prime Minister must have had good reason for postponing this legislation; but as one reads the bill he immediately realizes that the Prime Minister is actually increasing the number of parliamentary secretaries from 14 to 16 and that he is making his appointments for a period not exceeding one year. I must confess, Mr. Speaker, I cannot help but recall the very nasty rumours and stories that were circulated around parliament hill some time ago to the effect that there were some 180 hungry and eager parliamentarians who were very anxious to get away from the rank and file of the Conservative party and that the Prime Minister had a bit of a problem in trying to fit 180 members into the 14 available positions. As a matter of fact, he was seriously considering appointing the parliamentary secretaries on an annual rotation basis so that he might, of course, satisfy as many of his political colleagues as possible. Now that the bill has been brought down and we see its provisions we also realize that the rumours that we have heard were not entirely without foundation. At this time we should have a very definite look at the consequences of this particular legislation and not let ourselves be sidetracked into considerations of Mr. King's procrastinations in this matter.

I think I should make it clear, Mr. Speaker, right from the start that I am not opposed to the appointment of parliamentary secretaries. On the contrary, I feel that at a time when most of the government departments have expanded to an unprecedented level and where the ministers are literally overburdened with departmental administration, policies and detail; when they must look after not only the affairs in this house but must also study the problems that may come before the cabinet; when they are called upon to represent the government not only from coast to coast in this country but also abroad, there is absolute need for the appointment of knowledgeable parliamentary assistants, and it would be in the greatest interest of parliament if the parliamentary assistants were to be named because of their capacity rather than for any other criteria.

Since 1943, when the parliamentary assistantships were set up on a more definite and more permanent basis, than had been the case heretofore, I believe they have rendered valuable service to the house and to parliament. I am sure the experiment has been a considerable success. It has been proven to be a good training ground for members of parliament and indeed has been a stepping stone to the cabinet. However, I believe the time has now come when parliamentary assistants should be given a new status in the hierarchy of the departments. They should be given more definite and specific responsibilities in the departments to which they are attached and in the performance of their duties in this house in order to lessen as effectively as possible the burden which is now on the shoulders of the ministers alone.

There is no doubt in my mind, Mr. Speaker, that there are innumerable members on the government side who would make exceedingly fine parliamentary assistants provided, of

course, that they were chosen for their capacity, their training and their adaptability and provided that they are not chosen in an effort to make content as many of the government members as possible. I think indeed it would be a very gross disregard of the rights of parliament as well as of the rights of the Canadian taxpayers to use parliamentary secretaries as a means of recompensing the supporters of the government.

At this stage of our political evolution, there is an absolute need in parliament and in the departments for good parliamentary secretaries. These responsibilities should fall on the shoulders of the most qualified men. I shall even go farther, Mr. Speaker: If the parliamentary secretaries are to play the role that is required in this house and in the departments then I submit respectfully that these should be full-time jobs. If that is so, then I believe serious consideration should be given to increasing the amount of the emolument that is now provided for in this bill.

I do not believe $4,000 is sufficient for a full-time job. We should not expect capable men, who no doubt have family obligations, to neglect or completely abandon for a period of two or three years whatever business they have without assuring them of an adequate return for the services they render. On the other hand, if parliamentary assistants are to be named on a yearly rotation basis, then I submit that this type of political pie-cutting is out of keeping with the very purpose for which parliamentary secretaries were instituted in the first place. I am quite sure all hon. members will agree that it would take a considerably longer period than six or seven months or a year for a person to be fully acquainted with and knowledgable of the details of his department. It would take a considerably longer period than that, and by changing and rotating parliamentary secretaries from year to year you would place the parliamentary secretary in a position where he could be of no possible use to the department, to the minister or to the house. As a matter of fact, that type of parliamentary secretary would be occupying a purely honorary position. I believe that the moneys that would be expended in payment for that type of parliamentary secretary would be wasted. As a matter of fact, what you would be asking the Canadian people to do would be to pay the government's debt of gratitude to some members of the Conservative party.

In addition I feel that although this legislation may call for the appointment of 16 parliamentary secretaries the Prime Minister would not be justified in filling these 16 positions in order to satisfy as many of his colleagues as possible. I do not think it would be reasonable or even logical, for instance, to name a parliamentary assistant to the attorney general or to the ministers without portfolio or to any of the departments in which the work involved does not justify the naming of a parliamentary assistant. In my opinion, there is a need for good parliamentary assistants, and they should be placed in those departments in which it is well known the minister is overburdened; where there is a quantity of important detail which the minister has not the time to handle and which could be well handled by a good parliamentary secretary.

It would be, I am sure, in the interests of the departments, of the ministers and of this house to place the best available men in these key positions. This is the only basis upon which we can support, and even heartily endorse, the appointment of parliamentary secretaries. This is the only basis upon which the Prime Minister could justify the appointment of parlamentary secretaries if he desires, as he said, to preserve the rights and dignity of parliament and to improve our parliamentary procedures. I respectfully submit, Mr. Speaker, that the appointment of parliamentary secretaries on an annual rotation basis would, in fact, destroy the effectiveness of parliamentary assistants, and although that procedure may be of some definite political advantage to the Conservative party, I submit such a course would be contrary to the best interests of this parliament.

Mr. Benidickson: Will the Prime Minister make any reply?

Mr. Diefenbaker: In committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—*Short title.*

Mr. Martin (Essex East): I thought that the few general remarks I would want to make on this measure should be made on this particular section. The Prime Minister, at the outset today, stated that he hoped it would be possible to provide passage of this bill before the end of the day so that there would be no further delay, in the light of the fact we are soon going to be discussing the budget. I am sure all members of the house will endeavour to co-operate, consistent with their concept of duty, with the request of the Prime Minister. But he would be the first to deny any hon. member the opportunity of expressing views which an hon. member thought he should express with regard to any measure.

The Prime Minister, of course, understandably asks us to give quick passage, subject

to discussion, but he is hardly in a very good position, in one sense, to make this request.

Mr. Diefenbaker: I immediately withdraw it.

Mr. Martin (Essex East): He has, for reasons best known to himself, delayed this decision up until now. There were parliamentary assistants after the election of June, 1957, and some of them are in the house today. I am sure those who are now in the house are anxiously awaiting the passage of this bill to ascertain whether or not they will be reappointed. For my part, I wish it were possible for the Prime Minister to appoint every member of his party as a parliamentary secretary, so well disposed do I feel toward every hon. member who sits on the Speaker's right.

Notwithstanding that, the situation is that there were parliamentary assistants appointed after the election of June, 1957. They functioned, I think one may say, with competence and with distinction, and served their ministers and their country well. During the period of their appointment the Prime Minister, however, decided, according to his prerogative as the Queen's first minister, by his request for dissolution, to bring to an end the tenure of the parliamentary assistants who were associated with his government. This long delay since January, 1958 has not been explained properly by the Prime Minister. If there is justification, as I believe there is, for the appointment of parliamentary assistants, or as the bill calls them, secretaries, at this time, there certainly was justification for the Prime Minister taking this step shortly after his return to office on March 31, 1958.

What the reasons for the delay were, of course, I do not know. I have not yet reached that point of efficiency as to be able to satisfactorily and confidently detect what is in the mind of the right hon. gentleman. However, one suspects, as in the case of most prime ministers, that there was real difficulty, difficulty that arises out of dissatisfaction on the part of some hon. gentlemen who were not previously appointed, and possibly some dissatisfaction—but I am sure that could not have existed in many cases—with the record of achievement of parliamentary assistants previously designated, although, as I say, I do not know of anyone who was a parliamentary assistant after June of 1957 who could not qualify under the highest standards.

It may be that the Prime Minister has since found that certain political obligations have now confronted him which he is obliged to take into consideration. It would be regrettable if now, in the appointment of new candidates, he would do what the hon. member who has just spoken said he should not do, namely make appointments on the basis of trying to extricate himself from particular inevitable political embarrassments that attend the head of any government. One would hope that the Prime Minister could find some other method of dealing with these political embarrassments or these potential dissatisfactions and that he would appoint as parliamentary secretaries only those men in his party who sit behind him in whom he has the fullest confidence and whom he regards as most competent for the particular assignments.

The hon. member for Assiniboia points out that I am now discriminating by failing to mention not only those sitting behind the Prime Minister but as well those members of his party who sit opposite. Because I have carefully observed an attitude of complete neutrality on these appointments I would want to include all hon. members sitting on this side of the house who support the right hon. gentleman. I am sure that our propinquity with these hon. members over the period of the last few months has given us a special opportunity of recognizing their high qualifications for these junior ministerial positions. Of course, as the Leader of the Opposition quietly observes, in their propinquity with us they have had an opportunity of adding to their standards, competence and qualifications.

I hope the Prime Minister will take into account another factor that is extremely important in this matter and it is this. While there has been in this country a tradition about trying to give cabinet representation to all sections of the country, and particularly to the divisions within a province, and while I recognize that that is a rule to be observed by the Prime Minister in accordance with his own prerogative and his own concepts of the kind of government he wants, the Prime Minister now has, in the particular appointments which will be open to him once this bill is passed, the opportunity of rectifying some of the weaknesses that attend the present ministry.

For instance, in the province of Ontario the Prime Minister has a group of respectably competent gentlemen who sit on the ministerial benches, including the distinguished lady member from Hamilton. I have no observations to make against any one of those particular ministers and I would not want them to think that I was in any way engaged in a campaign to have them withdrawn by attrition, compulsion or persuasion from the right hon. gentleman's government. But for

some time I am sure the Prime Minister himself has been concerned about the fact that the great city of Toronto in Ontario has had more than adequate representation in the cabinet.

Mr. Diefenbaker: Something it did not have under the last government.

Mr. Martin (Essex East): My hon. friend says "Something it did not have under the last administration". He is quite correct. For most of the period of the government of the last prime minister that was the case. But we rectified the situation by the appointment of the brilliant present hon. member for Trinity, whose appointment possibly took care of that situation which I think admittedly was a mistake.

Mr. Diefenbaker: It was rectified on April 27, 1957.

Mr. Martin (Essex East): The right hon. gentleman has now erred the other way. The Minister of Transport, the Minister of Finance and the Minister without Portfolio who represents the constituency of Greenwood all come from Toronto. Then the Minister of Citizenship and Immigration comes from a place not far from Toronto. While the citizens of Hamilton are not always anxious to be identified with Toronto, the fact is that she lives close to Toronto, in what at least might be called the Toronto-Hamilton district. Then the Minister of Labour lives in Oshawa, some 40 miles from Toronto. Hence we have all of the ministers from Toronto who come from the same district or the same area in Ontario. Then of course while the late Secretary of State for External Affairs represented a riding that was not in Toronto but was close to Oshawa, nevertheless he himself came from Toronto. As the Leader of the Opposition now observes again in his effective coaching method, they are all in the same television area.

But the great regret is that as a result of the concentration of my right hon. friend's ministers from Ontario in the Toronto-Hamilton-Oshawa district, the fact is that central Ontario, southwestern Ontario, eastern Ontario and northern Ontario are all unrepresented in the cabinet of my right hon. friend. The Minister of National Health and Welfare, who lives in Stratford which is some 60 miles from London and some 225 miles from Ontario's leading city of Windsor, is the only one in the cabinet who can properly be said not to come from the heavily concentrated area of Hamilton-Toronto-Oshawa. The Prime Minister now will have the opportunity, not of making changes in the cabinet—I am sure that is not possible—but at least of rectifying the situation somewhat by appointing parliamentary secretaries taking into account the geographical areas of Ontario that are not now represented in his cabinet.

Then of course, he will be confronted in other provinces with certain dilemmas. I refer to those provinces where, for instance, there is more than one minister and where the population is not comparable with that of some of the larger ones. For instance, in one province where there are now three ministers, the Prime Minister will have to ask himself this question: Should I appoint any parliamentary secretary at all? If I do so, can I appoint more than one? Certainly if he appoints any in the province to which I have just referred he will be confronted with a great difficulty.

There are a number of objections to this bill; but surely the one that will stand out clearly is the reference in a subsequent section which we shall discuss when we come to it namely that these parliamentary secretaries are to be appointed for a period of only 12 months. The result will be that during the term of my hon. friend's tenure in office before the next election there will have been no less than 64 parliamentary secretaries appointed by the right hon. gentleman. In the discretion that is his my right hon. friend will have to consider whether or not that is the proper way in which to provide the kind of training required for future ministers in his government or in any government that is represented by the Conservative party.

Surely the purpose behind the appointments of parliamentary secretaries is not only to assist ministers in the proper discharge of their functions but to train the most promising members and to give them the kind of training which will serve for the future. I recollect that the right hon. gentleman himself, speaking on this question in the house, some time ago, referred to the post of parliamentary assistant as an extremely useful training ground. I ask the Prime Minister this question. Does he think that he will be carrying out the desired objectives in appointing parliamentary secretaries for a period of only 12 months?

I look at some hon. members—I am tempted to refer to them by their constituencies, but I will not—who I know would make very good parliamentary secretaries. They should be given an opportunity of serving for more than 12 months. Can they collect any kind of useful experience in as short a period as 12 months? That, I think, is very doubtful. In any event, it does not conform at least to the traditional standards which have applied in the United Kingdom parliament and here. So I would hope when

we come to that section that the Prime Minister will want to reconsider it and possibly change it to provide for a longer tenure.

The fact that now we do not have, unfortunately, a Secretary of State for External Affairs points to the necessity of having someone in that department who at least will have access to the Prime Minister from the membership of this house, particularly at this time. If there had not been any delay in this matter it would have been possible for the Prime Minister to have available the services of a parliamentary secretary to the Secretary of State for External Affairs long before this, and the delay which has taken place indicates that what is now being done should have been done 14 months ago.

I only hope the Prime Minister will have good fortune at his side when he comes to make these appointments. I hope they will be made on the basis of competence. In that regard, as I said when I spoke in this house on this subject a year ago, when he comes to the county of Essex he will certainly have two very able gentlemen, and I tell him that I will offer no criticism whatever if he appoints both the hon. member for Essex West and the hon. member for Essex South as parliamentary assistants. That will add to the qualities of his government, but I hope it will not ensure its success.

Mr. Herridge: Mr. Chairman, I rise briefly to express the support of this group for this measure because we believe that under present conditions parliamentary secretaries are necessary and can render a service to parliament and a service to the public. Before going on with my few remarks, I do want to deal with the obvious inconsistencies between various members of the Liberal party who have spoken in this debate. We had the hon. member for Kenora-Rainy River pleading with the Prime Minister not to adopt the British practice and call them parliamentary secretaries. Then we had the hon. member for Essex East who has just taken his seat criticizing another section of the bill and wondering why the Prime Minister did not adopt the British practice in this respect. I might say, Mr. Chairman, that we in this group are quite willing, when it comes to the procedures and operations of the parliamentary system, to receive our instruction from the mother of parliaments in Great Britain. They have had long experience and their practices have been proven worth while throughout the years.

We do hope that the Prime Minister will give consideration to competence, not to geographical regions and things of that sort. Secondly, we hope he will give consideration to youth. While possibly out of a spirit of humanitarianism it may be necessary to consider a few gray heads, we would not object to that so long as the number was not more than four out of sixteen. We do think that young men should get the opportunity to serve in these positions. I think, generally speaking, that parliamentary secretaryships are looked upon as training grounds for cabinet positions at a later date, and I think the young men should have their opportunity to show their competence in this respect.

There are a few questions which I trust the Prime Minister will answer when he replies to the criticism on section 1. We in this group would like to know what rank these parliamentary secretaries will hold. In Great Britain they are treated as junior ministers, and there is a provision in their table of precedence for parliamentary secretaries. There is no such provision in our table of precedence, and I would like to know whether there will be consideration given to that. What are their duties? While the bill particularly mentions that they shall assist the minister in such manner as the minister directs, we in this group would like to know more specifically what is expected of them with respect to assisting the minister and with respect to their duties in the house, and just what opposition members can expect from them by way of assistance. I know that parliamentary secretaries can be of great assistance to a minister and save a lot of his time by providing an opportunity for members to take up their questions with them outside the house and on other occasions. We would like a more detailed explanation of their duties.

In addition, will they be required to resign any directorships, the same as a minister? That is the practice in Great Britain, and seeing that the Prime Minister has followed fairly well the practice which prevails in Great Britain in the drafting of this bill, surely he will insist on that. We in this group are glad that the bill provides for appointments for only one year. We are all human beings and it gives persons appointed as parliamentary secretaries some opportunity for initiative. They are not just appointed and then go on till the end of the parliament. They have to demonstrate their ability not only to the Prime Minister but to the rest of the house, and we think that is an excellent provision. It provides an opportunity for the Prime Minister to drop any duds, not that I am suggesting that he will appoint duds, but it is the sort of thing which could possibly happen.

That is all I have to say at this stage. I hope the Prime Minister will give some fuller explanation of the questions other hon. members and I have asked.

Mr. Diefenbaker: Mr. Chairman, I am sure the discussion has been most helpful and beneficial, because we have had the advantage of listening to those who have occupied these positions in the past. One of them, the hon. member for Essex East, ultimately became a minister within a year, ten months after he showed his peculiar capacity. Then there was the hon. member for Laurier, who too became a minister. Then I was going to mention the hon. member for Bonavista-Twillingate, but he came up another way. Then there is also the hon. gentleman for Kenora-Rainy River. I must say he spoke with the experience of one who discharged his responsibilities in a way that sometimes we do not mention; but I must say, as I listened to him in the days he was parliamentary secretary to the minister of finance, that I could not but think he had devoted himself very diligently to a very difficult job.

The general attitude, of course, has been one of appreciation of the need. There was an expression of doubt that seemed to characterize the remarks of the hon. member for Richelieu-Vercheres. He was a parliamentary assistant and discharged his responsibility in a manner that could not have been characterized as infantile, which is an expression which came to his lips as he discussed this matter. I do not even want to think of that term, because I know how seriously he deported himself, and how when he was in New York as parliamentary assistant to the then secretary of state for external affairs I listened to him with that attention which his presence and remarks demanded, and I say that in all sincerity.

What are the difficulties here? Listening to the hon. member for Essex East I must say I was impressed by the tenor of his remarks and by the fact that he seemed to be concerned about political embarrassments. I can understand that. He referred to them, of course, in a different sense to the sense I have in mind, but he did refer to them, and I could not pass the opportunity of saying that I can understand his feelings in this regard.

Questions were raised as to the reasons for the delay. One hon. gentleman referred to the fact that I had made a reference to Mr. Mackenzie King. I frequently do refer to him, for I sat over yonder and watched him for years and saw him operating. Sometimes as I look over at the hon. member for Bonavista-Twillingate I seem to detect an unseen person there behind him, and the manner in which the hon. member for Bonavista-Twillingate speaks on occasion reminds me that his former chief must at one time or another have exercised that influence which some of us believe he always exercised in the background.

I mentioned Mr. King. In 1935, in the course of the speech from the throne of that year, Mr. King was shocked by the fact that it was the adoption of a British principle when he promised he would provide legislation for the setting up of parliamentary secretaries. Approximately eight years later when he did introduce, not legislation, but simply an estimate which was effective from year to year, he endeavoured to explain why it was that he had not continued in his early adherence to the expression "parliamentary secretaries" and why he had come to the conclusion that the term "parliamentary assistants" was best. The major argument appeared to be that the appointment is from year to year. It has always been that.

Mr. McIlraith: No.

Mr. Diefenbaker: The estimates which were introduced each year from 1943 on to 1957 read as follows:

> To provide hereby, notwithstanding anything contained in the Financial Administration Act or the provisions of the Senate and the House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such an extent as the minister may determine—

I emphasize those words; they are almost identical with those contained in clause 3 of the bill.

> —and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of $4,000 per annum and pro rata for any period less than one year.

Mr. Pickersgill: Would the Prime Minister permit a question?

Mr. Diefenbaker: Perhaps the hon. member would allow me to continue. In so far as the actual appointments were concerned, they were not revolving in any way, but at the end of each year they terminated because of the fact that though not requiring a further order in council there was no further vote within the estimates to cover any appointment for another year. Thus, in fact, it was an appointment from year to year. The simple fact is that we are following in effect what was done in the past, and in no way is there a suggestion that it means that there will be wholesale alterations or changes. This simply allows for the assurance that each year each one who is appointed will realize that his

appointment is one which continues only for the period of the year for which he is appointed.

The question was asked: why the expression "parliamentary secretary"? I adopted the view of Mr. King, and this was his first thought on the subject in 1935. Then I read the British practice, and I was particularly impressed with the book written by the Right Hon. Mr. Herbert Morrison on the British parliament and the general system, and it was on that basis that the alteration was made.

The hon. member for Kootenay West asked whether the parliamentary secretaries are to be given the status of junior ministers, and without any qualification in this regard I say that they are not. We have today a different system from that which exists in the United Kingdom. There, in effect, the ministry consists of two grades—those in the cabinet and those outside the cabinet. Originally, in 1917 or 1918 when Sir Robert Borden introduced this system into the House of Commons here. he did have in mind that parliamentary secretaries—which, incidentally, was the name then given to those hon. members, few in number as they were, who were appointed to those positions—might on occasion sit in the cabinet. At the moment my colleagues and I have no favourable views in that regard.

In so far as tables of precedence are concerned, may I say to the hon. member for Kootenay West that tables of precedence are one thing that have never been of particular concern for me. As a matter of fact I do not know how they are determined; perhaps the hon. member for Bonavista-Twillingate, having occupied the various positions that he has in the civil service and having, also, been secretary of state, would be able to enlighten hon. members on this point. All I know is that it is in the red book. Who determines it, I do not know. I can say that as far as parliamentary secretaries are concerned, there is no suggestion of precedence other than that during the course of the discharge of their responsibilities in the House of Commons and outside they will on appropriate occasions as the minister directs perform those duties which are in essence comprehended by the expression "parliamentary secretary".

A question was raised by one hon. member—I think it was the hon. member for Kootenay West—as to whether parliamentary secretaries would be required to divest themselves of directorships in companies. I have always been a strong believer in the necessity of members of a cabinet being divested of any interest in any corporation, by which I mean, not the interest of a shareholder in the various companies in which one might buy shares but an interest as a director of any corporation. I think that has been generally accepted, although some years ago when there was a discussion of this question in the house the then prime minister, Mr. St. Laurent, as I recall, while he himself had divested himself of all interest in this regard and felt, personally, that such a course should be followed, acknowledged that one minister or another did hold certain directorships.

I am speaking from recollection but I believe Mr. St. Laurent said it was a question for the individual to determine. I believe those occupying positions in the cabinet should, without question, divest themselves of that kind of interest. That is the view I hold. In so far as parliamentary secretaries are concerned the line is much finer but I believe that in the general interests of the preservation of the parliamentary system in its entirety, and the assurance that no consideration other than the determination of the responsibilities of the member shall enter into the equation, parliamentary secretaries should follow a similar course.

The Leader of the Opposition dealt in general with the matter and I thank him for his remarks and for the general support that has been expressed. There may be some questions that will arise later on as the various clauses come up for consideration.

The hon. member for Richelieu-Vercheres thought there should be an increase in the amount of $4,000 to be paid as remuneration. I know that those appointed as parliamentary secretaries really could not express any determined adversity to such a suggestion but as for myself I cannot accept that proposal as appropriate having regard to all the circumstances. The hon. gentleman said that good men should be chosen on the basis of a full-time job. The hon. gentleman served in the capacity of parliamentary assistant and I think he would modestly allow himself to come within the ambit of the descriptive words "good men". He served for that amount and at no time in those days did I ever hear him suggest that an additional amount should be paid. I cannot believe that the hon. gentleman was too serious in that suggestion. I believe he was advancing a general argument as to the remuneration that goes to those in public life and not endeavouring seriously to advocate that at this time there should be such an increase.

In that connection may I say that those who serve in public life and who accept such responsibilities do so in the largest possible degree on the basis of the service they can render. I know of no one who enters public life in return for the compensation which appertains to the holding of public position.

Indeed, I have often said of hon. members of the House of Commons—and I am looking now at the hon. gentleman directly opposite —how many of them, had they chosen to stay in private life, would find themselves today much better off monetarily speaking than is the case. It is true that if we cannot recruit through the public service the best men, even though the remuneration is not that which could be expected in private life, to serve with the same devotion they would bring to their private activities, then public life would indeed be the poorer as the result.

There is no suggestion of there being any hidden purpose in this legislation. The question of handling it in this fashion rather than doing what is done through the medium of an estimate answers itself.

I listened to the arguments of the hon. member for Bonavista-Twillingate on another subject and with that convincing power he exhibits on some occasions he was able to convince me that there were no sound reasons why the appointments in question should not be by legislative enactment directly rather than through the backdoor method of an estimate voted annually. In so far as the term is concerned, may I again say there is no question of the kind of representation that has been suggested here.

As for the hon. member for Essex East, I was glad to see the degree to which he showed an interest in the assurance that all important parts of Ontario shall be represented. At the expense of reiteration may I say I used to wonder as he sat over here, with that sense of fairness with which he always clothed his words, how badly he must have felt when for a period of—perhaps it was 22 years—

Mr. Martin (Essex East): Oh, no: 6½ or 7 years; but they were not 7 lean years.

Mr. Diefenbaker: —there were always a number of Liberal members from Toronto on this side of the house from time to time throughout that period and yet that great city remained under what appeared to be a ban that must have shocked the finer sensibilities of those hon. members appointed similarly to the hon. member for Essex East.

The suggestions made by the hon. member for Essex East and the suggestions other hon. members have made as to representation for all parts of the country lacked one important reference and that is the necessity of appropriate representation among those of the other major race. All of those things will be taken into the fullest consideration when the appointments are made. I thank hon. gentlemen in all parts of the house and in both opposition parties for their contributions and suggestions.

Mr. Pickersgill: Mr. Chairman, I rose to ask the Prime Minister a question and at his request did not ask it. I shall now make the point I was going to make in the form of a question. I intend to resist the Prime Minister's very appealing invitation to give a dissertation on the table of precedence. I believe I will save that for another occasion when we are not so anxious to get the session over.

Mr. Diefenbaker: But could you really not help? Do not pass up an opportunity.

Mr. Pickersgill: As a matter of fact, if the right hon. gentleman would like to have a private conference with me I could give him a great deal of information that perhaps it would be inadvisable for either of us to have appear on *Hansard* with regard to that particular subject.

Before I come to the point I originally rose to make, I wish to say a word about what the Prime Minister said about the backdoor method of appointments. I did not in the last session criticize the legislation respecting parliamentary assistants. If the Prime Minister will look up the record he will find that I did say I thought this had gone on long enough and no longer needed to be regarded as an experiment.

Mr. Diefenbaker: Mr. Chairman, I rise to say that I did not suggest that the backdoor method ever came into the mind of the hon. gentleman.

Mr. Pickersgill: Well, as a matter of fact it did. We know the Prime Minister used the term and I objected to this method but not with respect to parliamentary assistants. It seems to me that the really objectionable thing in our present situation is that the government chooses to appoint ministers of the crown by what the Prime Minister sees fit to refer to as the backdoor method. To that I take the same exception as I did a year ago. I think it is highly objectionable that ministers of the crown should be remunerated by an item in the estimates, but I never shared the views of Mr. Knowles when he was here that an appropriation act was not just as good legislation as any other kind. Perhaps it is not as convenient for lawyers to refer to but it is just as good legislation.

It seems to me, so far as parliamentary secretaries are concerned who do not share in the collective responsibility of the government and are not members of the government, that if the government chooses to legislate for their remuneration in the estimates through the appropriation act or chooses to do it this way, is a matter of relative indifference. I think on balance it is slightly better to do it this way. But I do think—and I would not have introduced the

matter if the Prime Minister had not—it is very objectionable indeed to have ministers of the crown remunerated through the estimates and I do hope that before the session is over, if the Prime Minister continues to have ministers without portfolio whose utility some of us have some doubt about, it would be desirable to provide proper legislation for the purpose.

But what I rose to say—and it is very presumptuous of me to take issue with the Prime Minister in this—is that I think the Prime Minister was wrong when he said that parliamentary assistants in the past were appointed for a year at a time. The Prime Minister read the estimate. It is true that the remuneration was provided one year at a time but it is my understanding—and I saw many of the orders in council, though not all of them—that there was no term ever put in the orders in council. It would be my opinion—and I give this opinion without asking a fee because I am only a law student and not a lawyer—

Mr. Diefenbaker: Because what?

Mr. Pickersgill: I am only a law student and not a lawyer. It is my opinion—

Mr. Diefenbaker: You cannot charge for that.

Mr. Pickersgill: —that so long as the order in council subsisted and so long as the hon. gentleman remained a member of parliament he was a parliamentary assistant, though he might not wish to assist very much if his remuneration stopped; but I do not think that would prevent him from going on being a parliamentary assistant so long as the order in council remained in force. Therefore, I think the Prime Minister was wrong in law and in fact in saying that the appointments were made for one year at a time. They were made in fact for an indefinite period, the way in which we on this side of the house feel that the provision should be made under term 29, that no time limit should be put upon it.

Mr. Diefenbaker: Mr. Chairman, I really do not want to get into term 29 because that is something that we should not discuss on this occasion although the hon. gentleman, on every occasion that he discusses something, brings in some matter connected with term 29. As far as the hon. gentleman's views are concerned, I give them the weight which I always give to expressions of his views. We are in disagreement on this matter but it is a disagreement and I am sure a sincere disagreement.

Mr. Pearson: Mr. Chairman, the practice has now been established in the consideration of this bill in committee of dealing with clauses 1 and 2 together, therefore, I propose to follow that course because I have something to say not only on clause 1 but more particularly on clause 2 with which the Prime Minister and others have already dealt.

So far as the Prime Minister's argument about the nature of the previous appointments being for one year and one year only is concerned, I think he was wrong. As the hon. member for Bonavista-Twillingate has pointed out, the impression created by this legislation is that the appointments are to be made for one year only though, of course, they may be renewed. The Prime Minister pointed out that that is not the intention of the bill. Then he brought forward the analogies to prove that he was right in his own interpretation. Yet I would point out to him that members of the government are appointed under I believe a statute but their salaries have to be voted each year in the estimates. If those salaries were not voted each year it would not affect their positions as ministers of the crown in any way, shape or form. I believe that would be the case in connection with this legislation, as my hon. friend has pointed out, unless the order in council specifies to the contrary, it would be of an indefinite character or for one year, whichever was expressed in the order in council. In our day when we appointed parliamentary assistants there certainly was no suggestion that the appointments should be made for one year only and I would be very surprised indeed if it were found that the orders in council passed at that time had that effect.

Certainly this legislation on the face of it seems to provide for a contrary practice and we on this side think that that is bad. Indeed, the Prime Minister himself, when he was speaking a few moments ago used these words, and I took them down as he said them, that the procedure in this bill was adopted so that each one—and by "each one" he meant each parliamentary secretary—will realize that he is appointed for the year. That is what we think is wrong in this legislation. Of course, there are other features of the legislation, in clause 2, particularly, which might be criticized. We are proceeding not by estimate but by legislation and though an item in the estimates—as my hon. friend who has just spoken has pointed out—is in a sense, I think, proceeding by legislation, nevertheless it is a more flexible form of legislation. When we pass a special bill for the appointment of parliamentary secretaries, as we are proposing to do now, it means that if at any time, for instance, the government

of the day wished to add one more parliamentary secretary to the 16, or two more or three more, that could only be done by an act of parliament.

As we see it—I do not see how there can be any other interpretation—this bill does provide for the principle of rotation in the appointment of parliamentary secretaries, and it is that to which we take exception.

If rotation is good as a principle in connection with the appointment of parliamentary secretaries, surely, Mr. Chairman, it might be argued that it is equally good as a principle to apply even to cabinet ministers, because some of the advantages of rotation which my right hon. friend has mentioned, not on this occasion but on a previous occasion, surely would attach to other appointments; but I do not think it is good. I think it would be a bad practice to appoint parliamentary secretaries for one year only. The clause states:

A parliamentary secretary shall be appointed to hold office for a period not exceeding 12 months—

As the Prime Minister indicated the other day, the main purpose behind the appointment of parliamentary secretaries—and it is a good purpose—is to relieve ministers of some of the burdens they are carrying. I have had, of course, some experience in office and I have had some experience—and a very happy experience it has been—in working with parliamentary secretaries. My last parliamentary secretary, my colleague sitting just behind me, has spoken on this matter and perhaps I should interpolate at this point to say that when my hon. friend from Richelieu-Vercheres talked about the possible desirability of increasing the salaries of parliamentary secretaries he was making the argument that if those positions are to be full time, not for one year only but for full time; if they are to be of that character, then perhaps $4,000 a year was not enough; that is, to pay a parliamentary secretary who was doing full-time work for his minister, which was not the situation in previous times.

He went on to say that if, however, the position of parliamentary secretary was not that kind of position, and if it became the kind of position we have in mind it may be under this legislation which provides for a one-year appointment only, then perhaps $4,000 a year might be too much. Perhaps it would be too much. If a parliamentary secretary is appointed for one year only, how can he really learn the work of his department during a period so short as that? I know from my own experience, and I am sure my hon. friends on this side who have been parliamentary assistants will agree with me, that it takes a parliamentary assistant at least six months to become familiar with the work of his department to the point where he can really carry part of the ministerial burden. If he knows he is only going to be in office as a parliamentary secretary for one year, I do not think you can assume he is going to be able to do that part of the work which the minister would want him to do. This is our main criticism of this part of the legislation.

I suggest that perhaps an appointment of this kind, and there might be 16 appointed so that in four years there would be 64 of them, would be a kind of political scholarship to be awarded by the Prime Minister to some of his more deserving colleagues. I suggest that political scholarships might more properly be awarded by the Canada Council which has been set up for the purpose of awarding scholarships. If the Prime Minister replies to this argument by saying, well, there is no objection to reappointment and perhaps we should assume that they will be reappointed, my answer to that would be that this legislation says the appointment shall be for a period not exceeding 12 months. Surely, that is the assumption in the legislation, and if the parliamentary secretary feels that the only chance he has of continuing in his job is to become valuable in his job, that will not give him a sense of security and achievement in his work which he will need to have if he is going to do the job which the government no doubt had in mind in appointing him in the first place.

Now there is another objection and it is, I think, quite a strong one to the appointment for one year only. I touched on this a few moments ago. A parliamentary assistant not only has to assist the minister in the house and out of the house, but he must also become familiar with the official work of the department. This means he has to establish a close, and I would hope constructive relationship with the deputy minister and the senior officials. It is not going to be any encouragement, though perhaps encouragement is not the right word, to the senior officials of the department to work as closely with the parliamentary assistant as they should, and it is not going to be much encouragement for the parliamentary assistant to work closely with the senior officials if he should feel that by the end of the year his scholarship will be over and someone else will be taking over from him. We think, therefore, Mr. Chairman, that this particular provision of the legislation is not designed to enable the government to fulfil the functions which they had in mind, so we were told, in introducing this legislation in the first place.

This will, of course, relieve the Prime Minister of one difficulty. He will now have

40, 50 or 60 men whom he can appoint during the course of this parliament instead of 16. This has already been pointed out. I can understand that this is a very real difficulty for the Prime Minister and the members of his government. He is not in the happy position Mr. King must have been in 1943 when he was making appointments as parliamentary assistants. He had, in the list of those who might be considered, my hon. friends who are sitting on my right and on my left, and in that he should have been under no compulsion to act as the Prime Minister must be with his wealth of resources.

Mr. Diefenbaker: I seem to recollect that some of the appointments did not meet with the favour of some of the other members.

Mr. Pearson: The Prime Minister knows far more about the hidden political history than I do because he was in the opposition at that time and that is where you find out what goes on in government circles. This present bill will serve this purpose which I have just mentioned, that it will make possible the appointment of a great many members opposite as parliamentary assistants. It has been said that such are the vicissitudes of political life in France that 70 or 80 per cent of the distinguished gentlemen who go into public life in France, after a period of 15 or 20 years are able to put on their visiting cards the words, "ancien Président du Conseil". If this legislation is passed it will have that result. There will be many hon. members who will be able to put on their visiting card, "Sometime Parliamentary Secretary". While we appreciate the advantages of this provision, we are also conscious of its disadvantages and it is those we are pointing out at this time. So when we come to clause 2, I am going to have one of my colleagues move an amendment.

Mr. Crestohl: For the purpose of clarification, I should like to ask the Prime Minister a question. It has not been established as yet whether these appointments are going to be for 12 months or will these people serve only during the sitting of parliament? If they are to serve beyond the sitting of parliament, will the parliamentary assistant be required to reside in Ottawa so that he may be close to his department for the entire period of 12 months? If that should be the case, does the Prime Minister not think that the $4,000 additional would not be sufficient to take care of the burdens which may be imposed upon the parliamentary secretary if he is to properly discharge his duties?

Mr. Diefenbaker: In answer to that I may say that clause 5 says:

[Mr. Pearson.]

The governor in council may make regulations providing for the payment to a parliamentary secretary of reasonable travelling and other expenses

(a) incurred by him in the discharge of his duties during a session of parliament while away from Ottawa, or

(b) incurred by him in the discharge of his duties while away from his ordinary place of residence during a period when parliament is not in session.

I do not think it was at any time ever the expectation that the parliamentary secretary should remain in Ottawa during the entire year. The appointment would be for a period of a year, or in the words of the estimate to which I referred earlier, there would be a salary of $4,000 per annum and pro rata for any period less than a year. At no time did parliamentary assistants reside in Ottawa during the entire year. There were times when they returned, and the hon. member for Richelieu-Vercheres will corroborate this, to Ottawa after the session. This was only in respect of particular matters that brought them back to Ottawa.

Clause agreed to.

On clause 2—*Appointment of parliamentary secretaries.*

Mr. Chevrier: I should like to move an amendment to clause 2 following upon the remarks by the Leader of the Opposition. I move:

That clause 2, subsection (3), be repealed and the following substituted therefor:

A parliamentary secretary shall hold office at the discretion of the governor in council and shall cease to hold office when he ceases to be a member of the House of Commons.

Mr. Herridge: On behalf of this group, Mr. Chairman, may I say that we are opposed to the amendment because we think the principle of subclause 3 is sound. The appointment for one year in effect has been the practice. I think the Prime Minister explained that throughout the years that has been in effect the practice. While it is not necessary that the parliamentary secretary will be replaced each year, we in this group think it is good practice and leaves scope for initiative and devotion to duty to which, of course, we pay great devotion.

Mr. McIlraith: I think there is one matter that should be drawn to the attention of the committee. It arises out of the Prime Minister's remarks earlier this afternoon and has to do with the former method of appointment of parliamentary assistants under authority of an item contained in the estimates. His argument was that those appointments were for one year only because the estimate was only for the duration of one year. The fact is that great numbers of appointments are

made by government for a term of years but the provision for payment is made through an annual estimate. That is the method used in almost all circumstances by the government in providing money for the payment of persons appointed to various types of positions. Hence the argument is not quite valid in its entirety. I want to point that out to the Prime Minister. When he examines his argument tomorrow I think he will find that he went further than the facts warranted in arguing the point he was seeking to make. From hearing the hon. member for Kootenay West it is obvious that is so, at least in so far as the hon. member is concerned. The practice with regard to the previous appointments was to have them in fact continue for a longer period of time, usually during the life of the particular parliament in which the persons were appointed and until that parliament was dissolved. I want to draw that point to the attention of the committee before they vote on this amendment.

There is one other matter on which the Prime Minister I think may have innocently misled the committee and it is this. He made the remark that in no circumstances were parliamentary assistants ever here during the time when parliament was not in session or in very rare circumstances—

Mr. Diefenbaker: No. I said they were ever here. I know they were.

Mr. McIlraith: —during the period of time when the house was not in session. That is not wholly accurate. In one particular case with which I am familiar a great deal of work was done between sessions; and during the whole of the time between some sessions. In some between sessions periods much more active and difficult work was done than that done while the house was in session.

Mr. Diefenbaker: Will the hon. gentleman tell me to what parliamentary assistant he refers?

Mr. McIlraith: I thought it was obvious; I was referring to myself. In the period of time when the defence production department was being set up and also at the end of the great war when the department of reconstruction and supply was being reduced and terminating its war work, there was no doubt at all about the fact that in those periods between sessions of parliament continuous work was being done by that particular parliamentary assistant, and it was extremely heavy work. I just wanted to correct the record on those two points because I thought it was not appropriate to have the record left as it was.

Mr. Crestohl: I support this amendment because the Prime Minister's explanation did not quite satisfy me about this question of expenses. It is quite conceivable that while the house is not in session ministers who have business to attend to abroad will want their parliamentary assistants handy, and the deputy minister would want the parliamentary assistant handy when the minister is absent for a month or so. Would it then be necessary for the parliamentary assistant to be in Ottawa—if, for example, his residence is in Vancouver—under subclause (b) of clause 5? Will his residence in Ottawa during that time, if he is participating, so to speak, in the routine of the department, be a necessary expense which he can charge and which will be payable to him under the heading of these expenses? On the other hand if he is appointed on the basis of it being a full-time job it may be that his residence should be close to his offices here and therefore the salary perhaps may not be sufficient.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Chevrier) negatived: yeas, 16; nays, 103.

Clause agreed to.

On clause 3—*Duties.*

Mr. Martin (Essex East): May I ask the Prime Minister this question. Does he intend to appoint parliamentary assistants at the end of 12 months? What we are trying to ascertain is whether or not the argument put forward from this side has any validity. Is it the Prime Minister's intention that parliamentary assistants should be appointed only for 12 months and that a new one will then be appointed?

Mr. Diefenbaker: I thought I made it clear that there is no question of rotation.

Clause agreed to.

Clause 4 agreed to.

On clause 5—*Travelling and other expenses.*

Mr. Crestohl: On clause 5, Mr. Chairman, I wonder if the Prime Minister can give some indication what he has in mind when he speaks of "other expenses". I can understand that a parliamentary secretary will receive reasonable travelling expenses, but with regard to "other expenses", the word "other" has no limit, of course. I think it should be limited in some form.

Mr. Diefenbaker: Mr. Chairman, I thought the meaning of this clause was quite clear. It says:

—reasonable travelling and other expenses

Provision for Parliamentary Secretaries

(a) incurred by him in the discharge of his duties during a session of parliament while away from Ottawa—

In other words, if he is sent away in discharge of his responsibilities while the session is on, naturally his hotel subsistence will be paid. Then if he is called away from his ordinary place of residence during the period when parliament is not in session, his expenses which are necessarily incurred, his hotel and travelling expenses, will be paid. That is what I had in mind, that he should not be out of pocket. I do not want "other expenses" interpreted in the sense that it would imply a large amount over and above what is ordinarily payable for hotel expenses. I mean by "other expenses" simply what I have stated and nothing more.

Mr. Pearson: Mr. Chairman, if I understood the Prime Minister correctly a few moments ago, he indicated there would really be no duties for a parliamentary secretary while parliament was not in session. The Prime Minister was taking exception, if that is the appropriate word, to the argument we were using that it should be a full-time appointment. If it is not a full-time appointment but merely a parliamentary sessional appointment, what duties could a parliamentary secretary have between sessions which would require expenses of this kind?

Mr. Diefenbaker: Mr. Chairman, I think the hon. member for Richelieu-Vercheres would be an example. There were certainly occasions between sessions when as parliamentary assistant to the Leader of the Opposition in his then capacity as secretary of state for external affairs he would have incurred expenses while he was in New York in connection with his official business.

Mr. Pearson: Yes, Mr. Chairman, but those expenses were incurred in the circumstances mentioned by my hon. friend by a parliamentary assistant appointed to a Canadian delegation to an international meeting, and he would have incurred the same expenses exactly if he had been a member of parliament and not a parliamentary assistant. My hon. friend who was a parliamentary assistant in those days will recall more than one occasion when I asked him to come to Ottawa and talk to me about various matters which did not involve representing Canada abroad, and in those days, in the department over which I presided, he would not have been entitled even to his travelling expenses to Ottawa.

Mr. Diefenbaker: It has been well pointed out by different members that such expenses should be allowed. As the Leader of the Opposition says, something to correct that situation should be done, and those who were his followers agreed some action should be taken in that regard, and indeed the larger salary provided would give support to this.

Mr. Pearson: Mr. Chairman, the Prime Minister, of course, has drawn more from my remarks than they would warrant, which is something he has done occasionally in the past. If that is true and the parliamentary assistant can charge expenses in the same way presumably that a minister can, then apparently he is going to be on duty 12 months of the year and it is in a sense a full-time appointment. Is not that a reasonable conclusion to draw from the Prime Minister's argument?

Mr. Diefenbaker: No, because apparently the Leader of the Opposition has not read clause 3, which says:

The parliamentary secretary to a minister shall assist the minister in such manner as the minister directs.

Parliamentary assistants are required, if the minister feels that a matter requires attention such as referred to by the hon. member for Ottawa West. The hon. member said he worked very hard, and I know that he was living here in Ottawa. I am sure the Leader of the Opposition could tell me whether other parliamentary assistants received their expenses. If they did not, I am convinced by the argument that they should have, even though I do not accept the argument that the amount of $4,000 a year is insufficient.

Clauses 5 and 6 agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Tomorrow.

Mr. Pearson: At the next sitting of the house.

Mr. Diefenbaker: Yes, at the next sitting of the house.

CANADA SHIPPING ACT

AMENDMENTS RESPECTING MORTGAGES, CERTIFICATES, PILOTS, ETC.

The house resumed from Tuesday, April 7, consideration of the motion of Mr. Hees for the second reading of Bill S-3, to amend the Canada Shipping Act.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, when the house adjourned last evening I was discussing second reading of this bill, and I would like to continue my remarks.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wonder if I could have the floor for a moment because I intend, with the hon. members' permission, to ask for the adjournment of debate on this bill for the following reason. Last evening the hon. member for Laurier (Mr. Chevrier) suggested that there should be a firm and general basis of agreement with the United States regarding pilotage on the great lakes before the Canadian legislation dealing with this matter is finally made effective. In fact there have been extensive consultations with the United States authorities on this matter already and numerous meetings have been held. Of the two most important points involved, we have already reached agreement with the United States on one; that is, the reciprocal recognition of pilotage certificates or licences which might be issued by the authorities of either country. However, there has not been firm agreement as yet as to the basis upon which pilotage requirements should apply in the waters of the great lakes and the areas which should be involved. The reason for this is, I understand, largely because the United States has not yet reached an internal decision on this matter, although we in Canada have reached a tentative decision as to the solution we favour.

While the legislation proposed in this bill is sufficiently general to permit this matter to be worked out satisfactorily within its terms, I am quite prepared to see another attempt made to reach agreement with the United States authorities on this additional point, and indeed will make arrangements myself at the earliest opportunity to visit Washington for discussion of this subject. I would therefore ask the hon. member for Laurier who has the floor if he would be good enough to move the adjournment of the debate.

Mr. Chevrier: Mr. Speaker, before I do that there are one or two matters I would like to bring to your attention. In the first place, I welcome the suggestion which the hon. minister has made. I think it is all to the good and I commend him and congratulate him for the decision which he has taken. I also think that it will be an excellent idea if the hon. minister does go to Washington to see if some new agreement cannot be made with the United States authorities before the matter is brought back to the house again. However, my hope last evening was, and still is, that a committee from Canada and the United States be established and that an agreement be worked out so that such agreement can come back to the house.

I have not finished my speech, sir. I still have a considerable amount of material dealing with the very contentious clause No. 8. I wanted to spend some time in bringing to the attention of the minister how important and how serious this clause is. I do not wish to begin any consideration of this subject matter now, other than say that I do not think it is affected by the agreement which the minister hopes he will be able to make. I do hope the minister will find it possible to withdraw this clause, because it is going to affect adversely the pilots in the province of Quebec, particularly in the Montreal and Quebec districts and in the Kingston districts. It is going to affect an industry which has been in existence in the province of Quebec for over 200 years, and it will do away with that industry. I hope that when the matter comes back to the house the minister will find it possible to withdraw this clause from the bill. I want to reserve my rights when this legislation comes back before us again and to this end I point out that I have not completed my remarks and that I should like an opportunity to complete them, though now, at the request and at the suggestion of the minister, I propose to move the adjournment of the debate.

Mr. Speaker: Before the hon. member moves the adjournment of the debate, may I remind him that by making such a motion he would lose his right to speak. It should therefore be understood that he has not forfeited his right to speak further when this matter is discussed on another occasion, and the consent of the house should be obtained. Does the house so order?

Some hon. Members: Agreed.

Mr. Speaker: I might also say that the hon. member for Kootenay West (Mr. Herridge) would like two minutes before the hon. member moves his motion in order to express the view of his group. This is largely a matter to be brought about by arrangement. Would the hon. member for Laurier and the house permit?

Some hon. Members: Agreed.

Mr. H. W. Herridge (Kootenay West): I wish to thank hon. members of the house for having given me unanimous consent to my saying a word or so in relation to this somewhat unusual procedure. We support the proposal made by the Minister of Transport (Mr. Hees) for the adjournment of this debate because we think it is essential to protect Canadian sovereign rights in this very important matter, as mentioned by the hon. member for Laurier (Mr. Chevrier) during what we considered to be his excellent speech last evening on this bill. We

are in agreement with the hon. gentleman in this case, and I trust that the hon. member for Essex East (Mr. Martin) will be pleased. We believe that it is most unwise to proceed in this matter along unilateral lines, and we repeat the suggestion made by the hon. member for Laurier that there should be consultation and co-operation between Canada and the United States before decisions are reached.

Before concluding, Mr. Speaker, I should like on behalf of this group to compliment the minister on what we consider to be a very wise response to representations from the opposition and on his willingness to have further consideration given to this matter since the debate last night. We trust that after the procedure suggested by the hon. member for Laurier has been carried out this measure will come back to us in a form which will fully protect the rights of the people of Canada.

Mr. Chevrier: May I ask the hon. member for Levis (Mr. Bourget) to move the adjournment of the debate so that I may be allowed, with the consent of the house, to resume the discussion when the matter comes before us again?

Some hon. Members: Agreed.

On the motion of Mr. Bourget the debate was adjourned.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

Hon. George H. Hees (Minister of Transport) moved the second reading of Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Hon. Lionel Chevrier (Laurier): Mr. Speaker when the house was discussing this matter last evening at another stage, namely the resolution stage, I indicated that I should like to make some additional remarks on second reading of the bill. I am prepared to make those remarks now, not with the intention of delaying this legislation but because of comments which were made earlier on the subject by others.

Before I come to that, may I say that this measure, Bill C-38, an act to make provision for the reduction of certain class and commodity rates on freight traffic, is, on the face of it, simple enough. The pertinent and governing clause is, of course, clause 3 and it can be divided under several heads. By virtue of clause 3, the board:

1. Shall make an order.

2. Shall revise class and commodity rates other than competitive rates of railway companies.

[Mr. Herridge.]

3. Shall revise them downward as they were increased by the judgment—the 17 per cent case—so that in the opinion of the board the estimated aggregate gross revenues of the companies will be reduced by $20 million.

That is the effective clause. Clause 4 provides for the payments to be made out of the consolidated revenue fund. Clauses 5 and 6 I do not think are in the slightest degree contentious, and clause 7 is inserted in the bill so there shall be no conflict between the Railway Act and this act. Under clause 7 the board may allow a reduction in the select territory or in the rates subject to the Maritime Freight Rates Act only to meet reductions in the cost of operations. It is now stated that a payment to a railway company under the new statute shall be deemed to be a reduction in the case of the railway operations. But I shall go back to clause 3, which, in my opinion, is the only one that can in any way be considered to be contentious, and I ask the house and the minister to consider the words in line 18 of clause 3, "increased by 17 per cent". The clause reads:

> Forthwith upon the coming into force of this act, the board shall by order require the companies to revise such of their class rates and commodity rates (other than competitive rates) in effect at the commencement of this act as were, pursuant to order No. 96300, increased by 17 per cent.

The point I am making is this: supposing the railways were unable to increase their rates by 17 per cent, and there was evidence of this placed before the board. Suppose the railways were able to increase their rates by only 10 per cent or by only 3 per cent, because that is all the traffic would bear? I point out that there are a number of cases, as was stated in the evidence given before the board of transport commissioners, in which the 17 per cent increase could not be wholly put into effect. What happens then? Does it mean that in these rates there would be a consequent reduction of 7 per cent?

I think we are entitled to clarification. In other words, will this rate or these rates, where the full effect of the 17 per cent has not been felt because of the conditions I have mentioned, enjoy the full effect of the subsidy? I leave that to go to another equally contentious point in my opinion.

The minister has said that the government does not propose to permit any further general increase in freight rates pending the decision or the study made by the royal commission. I do not think I am incorrectly quoting the minister but if he feels I am I will quote from the statement he made. The minister having said that, I ask him this question. Is he or the house familiar with section 328 (5) of the Railway Act?

I ask the house to listen to these words. That section reads as follows:

—the powers given to the board under this act to fix, determine and enforce just and reasonable rates, and to change and alter rates as changing conditions or cost of transportation may from time to time require, are not limited or in any manner affected by the provisions of any act of the parliament of Canada—

This means that when an application is before the board of transport commissioners for determination it is their duty and responsibility to hear the case. There is no other act of parliament which can prevent the board from doing that. A fortiori, there is therefore no statement that may be made by the minister, the government or the Prime Minister which can stop the board of transport commissioners from hearing the case.

Mr. Hees: That is right.

Mr. Chevrier: Having said that, where does that lead the board of transport commissioners? How can the board in any way be affected by the statement the minister has made. Unfortunately I cannot locate the statement at the moment.

Mr. Hees: May I answer the hon. member at this time?

Mr. Chevrier: Yes.

Mr. Hees: Mr. Speaker, as the hon. member knows only too well the government has no right at all to interfere with the board of transport commissioners either hearing the case or bringing down a judgment. The government has no intention of doing either of those things. However, when a freight rate award is appealed to the governor in council, the governor in council has the option of either allowing of disallowing the increase that has been made by the board.

Mr. Chevrier: I was coming to that point, Mr. Speaker. That is not what the minister said.

Mr. Hees: That is what the minister meant.

Mr. Chevrier: But what the minister said and what he meant are two different things. If the board of transport commissioners are going to be allowed to hear the case—and having made a determination an appeal may be made under section 53 (1) of the Railway Act—that is one matter. The minister I am sure gave careful consideration to the statement he made because if my recollection is right he put it on *Hansard* on more than one occasion. What I am complaining about now is that, by inference, that statement is a direction to the board or perhaps, it is a direction to the Canadian National Railways not to proceed with the application which is now before the board.

Mr. Hees: It is intended to be neither, Mr. Speaker.

Mr. Chevrier: Of course, the minister did not make that clear. On the contrary what was said was not at all in accordance either with what I am saying now or with what the minister has said within the last few moments. In order to make the thing quite clear what the minister should have said was this: "We are not going to interfere with the application now before the board but when the order is appealed by the provinces or by any other group we will hear that application under section 53 (1) of the act and decide against it." The minister has closed the door, however, by saying there is going to be no further increase. If it is found that within the period of a year the wages of the railway workers have increased and it becomes necessary because of changing conditions in Canada to increase these wages, then the minister and the government are stopped from giving to those workers a further increase because of the statement which has been made.

Turning now to another matter, the bill, as I said, by means of clause 3 directs the board to make an order in accordance with the manner I have outlined earlier. This is the measure promised by the Minister of Public Works (Mr. Green) when speaking as the acting prime minister in November, 1958 he said this was the measure designed to relieve against the discrimination which existed in freight rates and to relieve against inequalities including any that may be aggravated by the present increase in the amount of 17 per cent. The other measure is a royal commission the terms of which we have not yet got although the Prime Minister did indicate yesterday that its appointment would come before third reading.

We in this group and the hon. member for Assiniboia (Mr. Argue) tried to get a further commitment from the Prime Minister to the effect that we might be able to discuss the terms of reference when the announcement was made. We were not successful in doing this notwithstanding the fact that when he made his statement in November, 1958 the then acting prime minister made it quite clear that the other measure he had in mind—whether it related to a royal commission or another inquiry was not made clear at the time—would result in the consideration of railway problems and railway policy. He indicated that the inquiry would consider not only a comprehensive statement of railway freight rates including the situation of the long haul provinces in the west and in the Atlantic region but also specific problems which require solution if Canada's railways are to serve the national interest without prejudicing particular industries and areas.

The intention of the government at that time was quite clear. First, there would be an interim measure to deal with an immediate problem and, second, a royal commission to deal with the long term problem. What we have before us now is the long awaited measure to relieve against the freight rate increase. The intention of the government is to provide immediate alleviation by means of this measure. I would like to know what this bill means and to what extent it provides immediate alleviation.

The bill clearly excludes from the operation of the subsidy the whole field of competitive rates and, while it is not stated, it also excludes the following items, since the board of transport commissioners in their judgment excepted these from its operation in the 17 per cent case: agreed charges, international rates, import and export rates, grain and grain products in western Canada, and grain and grain products from prairie points to Vancouver, Prince Rupert and other parts of British Columbia. It excludes those new piggy-back rates which are now important, and I presume that other rates are also excluded. Hence the bill applies to a very limited field in the freight rate structure.

In his statement earlier the minister indicated that the reduction would be one in the neighbourhood of seven per cent, in that the subsidy would be applied in such a way that rates generally, as applied in the judgment, would be reduced from 17 per cent to 10 per cent. But a question which arises and which I think is of importance is this: What freight revenues of the carriers will be affected by this measure? I think we should be told what they will be. The minister has not said so, but I would venture to say that only a very small fraction of the freight revenues of the railways, and incidentally of the freight rates which the west and the Atlantic provinces will have to pay, is affected by this decision. My reason for saying this is that of all those exceptions the class and commodity rates are getting now to be smaller and smaller and every time there is an increase in freight rates the effect of it is made to be felt upon a lesser and lesser group of rates and therefore it becomes a greater burden for those who have to pay those rates and they are affected more seriously by it.

I come now to the question which was asked earlier and which I will not go into in detail at this stage, but on which I hope, when the bill is referred to the committee, there will be some clarification. I refer to the method by which this order is going to become operative. Yesterday and earlier I asked the question, what formula is going to be adopted? What method is the board going to establish? What procedure is going to be followed in the implementation of this subsidy of $20 million? How is it going to be distributed? Is the relief granted by this measure to be tied up with wage increases? The minister said no and then later on he said that it was not going to be tied up with anything. Well, it has to be tied up with something. There has to be some kind of formula under which the board is going to proceed, and I assure you, Mr. Speaker, that it is not going to be nearly as easy as anticipated by the minister because those of us who are familiar with the bridge subsidy of $7 million, which is administered by the board of transport commissioners, know that there was no easy method to put that into effect.

The railways have said all along that they need the relief granted by the 17 per cent increase. They said that they needed all of this increase in rates to put them in funds so as to accept and put into effect the majority report of the conciliation board. I think the house should be told whether this bill is subsidizing wages. If so, the minister should tell us. Not only would this create a precedent but it could have serious implications for the future.

There is another matter which I would like to discuss at this time but I would prefer not to begin its discussion and have it interrupted; therefore, sir, I wonder whether you would call it six o'clock?

On motion of Mr. Chevrier the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader what the business will be for tomorrow and whether he can outline the business for Friday as well?

Mr. Green: Tomorrow afternoon we shall continue with this debate and then go into agricultural estimates.

Mr. Chevrier: On Friday?

Mr. Green: The same program. By the way, if this bill does not go through tomorrow we may not take it on Friday but go on with the agricultural estimates; I cannot say for sure. I believe there was a bill which did not get third reading today. It will be called first tomorrow.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

STRONTIUM 90—ANALYSIS OF FOODSTUFFS

Question No. 135—**Mr. Argue:**

1. Has any analysis been made recently of foodstuffs, other than milk or wheat, consumed by the Canadian people or the animal population to determine the content of nuclear fall-out produced strontium 90 or other long-lived radioactive isotope?

2. If so: (a) What commodities were examined? (b) What were the findings?

(c) How do these findings compare with the supposed tolerable level?

(d) Has there been any significant increase since 1945?

(e) If so, in what respect?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Yes.

2. (a) Animal bone, which contributes calcium to the diet in certain meat products and flour additives. (b) The average value was 5.4 strontium units. (c) They are well below the agreed maximum permissible level. (d) In 1945 there was no measurable strontium 90. (e) See answers 2 (b) and (d) above.

AIR FLIGHT COMMEMORATIVE STAMP DISTRIBUTION

Question No. 274—**Mr. Boulanger:**

1. Was the distribution of the stamps commemorating the fiftieth anniversary of the first powered flight in the British Empire carried out on the same basis as the preceding special issues?

2. If so, how many stamps were sent to each post office situated in towns having a population of more than 25,000?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. The distribution of the commemorative stamp to mark the fiftieth anniversary of powered flight in Canada marked the beginning of a system of shipping predetermined quantities of the special stamp to each post office. These quantities are based on the normal sales at each post office of the denomination being issued.

2. See statement below: St. John's, Nfld., 90,000; Halifax, N.S., 113,200; Sydney, N.S., 61,300; Moncton, N.B., 44,800; Saint John, N.B., 44,700; Cap de la Madeleine, P.Q., 18,500; Chicoutimi, P.Q., 32,500; Drummondville, P.Q., 39,600; Granby, P.Q., 56,850; Hull, P.Q., 30,500; Cite de Jacques Cartier, P.Q., 42,300; Jonquiere-Kenogami, P.Q., 23,500; Lachine, P.Q., 35,100; Levis, P.Q., 32,500; Montreal, P.Q., 1,338,825; Mount Royal, P.Q., 30,200; Outremont, P.Q., 38,800; Quebec, P.Q., 214,500; St. Hyacinthe, P.Q., 46,900; St. Jean, P.Q., 39,400; St. Jerome, P.Q., 27,800; Shawinigan, P.Q., 26,600; Sherbrooke, P.Q., 108,050; Trois Rivieres, P.Q., 46,000; Valleyfield, P.Q., 28,500; Verdun, P.Q., 40,650; Ville St. Laurent, P.Q., 24,400; Ville St. Michel, P.Q., 17,500; Westmount, P.Q., 49,200; Brantford, Ont., 40,000; Fort William, Ont., 91,500; Guelph, Ont., 34,800; Hamilton, Ont., 279,200; Kingston, Ont., 68,500; Kitchener, Ont., 44,800; London, Ont., 130,600; Niagara Falls, Ont., 49,000; North Bay, Ont., 54,500; Oshawa, Ont., 69,500; Ottawa, Ont., 346,300; Peterborough, Ont., 46,000; Port Arthur, Ont., 81,900; St. Catharines, Ont., 71,500; Sarnia, Ont., 29,000; Sault Ste. Marie, Ont., 65,700; Sudbury, Ont., 159,400; Timmins, Ont., 30,000; Toronto, Ont., 1,280,900; Windsor, Ont., 110,900; Brandon, Man., 29,700; Winnipeg, Man., 366,600; Moose Jaw, Sask., 62,500; Prince Albert, Sask., 27,200; Regina, Sask., 141,200; Saskatoon, Sask., 123,500; Calgary, Alta., 125,000; Edmonton, Alta., 157,600; Lethbridge, Alta., 30,000; Medicine Hat, Alta., 10,000; New Westminster, B.C., 75,900; Vancouver, B.C., 649,400; Victoria, B.C., 276,500.

HOUSE OF COMMONS

Thursday, April 9, 1959

The house met at 2.30 p.m.

FINANCE

FURTHER STATEMENT IN RESPECT TO ANNOUNCED DEFICIT

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, yesterday I informed the house that the deficit for the 1958-59 fiscal year was $617 million. In some of the reports which have appeared in the press since, one finds the statement that this deficit figure excludes the $184 million deficit in the old age pension fund. Mr. Speaker, this is completely erroneous. Every cent of the $184 million deficit in the old age pension fund for the year 1958-59 is included in the figure of $617 million which I gave as the deficit for the fiscal year 1958-59. It will be recalled that the house voted this sum in March in the final appropriation bill for the fiscal year 1958-59 to liquidate that deficit in the old age pension fund.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps the minister is right in the statement he has made on that particular matter, but he might have gone on to explain to the house that the deficit of $617 million did not take into account the use of the defence equipment fund, which, if it had been taken into account, would have raised the deficit figure to about $830 million.

Mr. Fleming (Eglinton): Mr. Speaker, the hon. gentleman has misled himself in this respect. The budget speech last year made very clear what was the proposal with reference to the use of the defence equipment account. That account, as was made very clear at that time, had been drawn upon by my predecessor from time to time. We did not approve the continuance of such an account because it was not in keeping with the control parliament should exercise over expenditure. Therefore we proposed last year that an additional sum be drawn out, and that was clearly made the basis of the estimate in regard to deficit and in regard to expenditure.

INQUIRY AS TO DEFENCE EQUIPMENT FUND

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Finance concerning the defence equipment fund which has nothing in it, or at least nothing in cash to back it. In his budget speech last June the minister said that he intended to take about $165 million, the last of that account, into the budget. Where did the other $46.7 million come from? What defence equipment did we supply last year?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the defence equipment account was set up by the former government and was drawn upon by that government during several years for the purpose of charging against that account certain purchases for the Department of National Defence. When purchases were charged against that account they did not come into the normal appropriations, nor into the government's accounting in respect of receipts, expenditures and deficit. As I carefully explained last year, we had taken exception to this practice when we were in opposition because we felt it denied to parliament the full opportunity that parliament in all circumstances ought to have in order to be in a position to control and supervise public expenditure in the fullest degree. Therefore in very plain terms I stated last year in the budget speech that we proposed to draw on that account not simply the amount that had been drawn against it the previous year but to go further and take out the additional $165 million in order that the account would be liquidated and this question would not arise in the future. That was done. The matter is fully disclosed and commented upon in the white paper which I tabled yesterday, and which with great respect I commend to the reading of my hon. friend.

Mr. Pearson: Why don't you answer the question now?

CIVIL DEFENCE

TABLING OF CORRESPONDENCE RESPECTING NEW POLICY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the hon. member for Essex East (Mr. Martin) asked for the tabling of letters addressed to the premiers of the several provinces concerning civil defence. I wish now to table two copies in French and in English of these communications.

Inquiries of the Ministry

EXTERNAL AFFAIRS

EUROPE—REPORTED PROPOSAL FOR NEW EAST-WEST SECURITY SYSTEM

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Prime Minister. Has the Prime Minister's attention been drawn to an article in this morning's Montreal *Gazette* which says that the United States has circulated far-reaching plans amongst its allies for a new east-west security system in Europe? Would the Prime Minister be prepared to say whether Canada's advice has been sought, and what progress is being made in these negotiations?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this particular article was drawn to my attention by the hon. gentleman himself. I have no information as to the foundation for the newspaper report to which he refers, but I should like to add this; that at this stage, when the western powers are engaged in co-ordinating their negotiating position for the meeting of the foreign ministers at Geneva in May, it would not be too helpful to comment on unofficial reports of this nature.

Mr. Argue: Can the Prime Minister say whether, in these negotiations, Canada is being kept informed and is being consulted?

Mr. Diefenbaker: Generally speaking there is the widest possible exchange of information between the various capitals on this and analogous matters at all times.

DEFENCE PRODUCTION

REPORTED STATEMENT BY U.S. DEFENCE SECRETARY ON PRODUCTION SHARING

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of National Defence. In view of the apparent difference of understanding between Canada and the United States with regard to defence production sharing between the two countries as evidenced by a press report in the Windsor *Daily Star* of April 4 to the effect that the United States defence secretary had told congress—and I quote—that "this is simply an understanding on the part of the Canadian government that we will encourage some of the major suppliers of defence goods which are bought by Canada for Canadian deployment to place some orders there", while the Minister of National Defence has stated—and I quote again—that "Canada would not be satisfied with purely sharing of production for facilities that are to be used in Canada". I wonder whether the minister would care to make a statement to the house in an effort to clarify the situation.

Hon. G. R. Pearkes (Minister of National Defence): During my visit to Washington I had an opportunity of meeting some members of the press, and when discussing the question of the sharing of the production of defence requirements I did use the words that Canada would not be satisfied with purely sharing in the production of the facilities that are to be used in Canada. I also had an opportunity to meet Mr. McElroy, and Mr. McElroy fully understands the Canadian position.

If at some later date he is asked to do so, I am quite certain that the Minister of Defence Production will be able to give the house full details of the progress which has been made in this field.

Mr. Chevrier: Does it follow from this that the effect of these arrangements is that Canada will be getting subcontracts rather than main contracts?

Mr. Pearkes: I hope Canada will be getting not only subcontracts but many main contracts as well.

IMMIGRATION

INQUIRY AS TO RECENT CHANGES IN REGULATIONS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Citizenship and Immigration. I wonder whether the minister is able to explain in a little more detail than was attempted on Monday by the Prime Minister what is the intent of the amendment to the immigration regulations which was announced over the Easter recess.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I am in the course of preparing a statement on this matter. It is not ready yet, because I should like to incorporate into it some statistical information which I think should be interesting. I hope to have this statement ready shortly.

Mr. Regier: Is it a fact that henceforth immigrants sponsored by Canadian employers will be given preference over immigrants sponsored by relatives living in Canada?

Mrs. Fairclough: Mr. Speaker, that is rather a broad question. The answer in general would be no, but I shall try and cover the hon. member's points in the statement I will make later.

HIGHWAYS

MONTREAL—REPORTED CLOSING OF MAIN ROAD ALONG WATERFRONT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. I did not give him notice of this because it has just now come to my attention, and he may reply tomorrow if the information is not available. *La Presse* of yesterday afternoon carries a story to the effect that the main highway running along the waterfront at Montreal adjacent to the port and within the jurisdiction of the national harbours board is to be closed. There may be good reasons for this; that I do not know. I wondered if the minister would be good enough to make inquiries and advise the house why the road is being closed.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I shall be glad to make inquiries.

FEDERAL-MUNICIPAL CONFERENCE

PROPOSED MEETING ON FEDERAL ASSISTANCE TO MUNICIPAL CAPITAL WORKS

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the government received representations from the Canadian Federation of Mayors and Municipalities asking the government to convene a federal-provincial-municipal conference with a view to developing more federal assistance for major capital works in the municipalities? If so, is the government considering convening such a conference in the near future, as promised on several occasions by the leader of the Conservative party during the last two election campaigns?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, a number of representations were made today in the presentation made by the association in question, all of which will receive consideration.

POST OFFICE DEPARTMENT

REPENTIGNY, QUE.—REPORTED THEFT

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I direct a question to the Postmaster General. Is the Postmaster General aware that two days ago, a theft involving $11,000 took place at Repentigny and, if so, would he tell the house if a burglar alarm was installed in that post office? Second, will he realize his ambition of having the Royal Canadian Mounted Police look into this matter?

Inquiries of the Ministry

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I am aware of the theft. I will attempt to ascertain the facts concerning the other points about which the hon. member has asked.

POLYMER CORPORATION

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Labour regarding the dispute at the Polymer Corporation. Has the minister's attention been drawn to the reported statement of Mr. C. G. Palmer, international representative of the oil, chemical and atomic workers' union, indicating that the union is prepared to compromise on monetary aspects of the dispute? Can the minister say whether the company has as yet replied to his offer to provide mediation services of the department in connection with the dispute, and can he tell us in general what progress is being made toward settlement?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. On Tuesday last the hon. member for Lambton West asked about the progress being made in respect to that dispute. I advised him at the time that we had received a telegram from the union to the effect that they were amenable to mediation and that I expected in a few days to receive some communication from the Polymer Corporation. That is where the matter still stands. I continue to expect that we will receive a communication from the corporation.

OLD AGE SECURITY

REPORT OF DR. CLARK—REQUEST FOR STATEMENT AS TO GOVERNMENT POLICY

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of National Health and Welfare if he has yet had an opportunity to read the Clark report on the old age security system in the United States? If so, has the government determined its policy with regard to this matter, a policy that was promised to the people of Canada during the course of the last federal election campaign?

Hon. J. W. Monteith (Minister of National Health and Welfare): Yes, Mr. Speaker, I have had an opportunity of reading the report, and when the government decides upon a policy it will be announced in the house.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question. Has any consideration been given to referring the subject matter

of this report to a committee of this house for study, as was done on a former occasion?

Mr. Monteith (Perth): Whatever action is decided upon will be announced in the house.

THE MINISTRY

PROVISION FOR APPOINTMENT OF PARLIAMENTARY SECRETARIES

Right Hon. J. G. Diefenbaker (Prime Minister) moved the third reading of Bill No. C-37, to provide for the appointment of parliamentary secretaries to ministers.

Hon. Paul Martin (Essex East): I would like to ask the Prime Minister a question. Can he tell the house whether the expenses incurred by parliamentary secretaries will be reported in the same manner as are expenses of ministers of the government, or will there be an itemized statement? Will each parliamentary assistant be required to indicate, after the expenditure is made, the purpose for which it has been made, or will it be done in the same manner as ministers who just account in a lump sum at the end of the fiscal year?

Mr. D. M. Fisher (Port Arthur): The remark I want to make is this. Several times the Prime Minister has told us that one of the reasons he wanted this to go through was in order to allay our curiosity and our worry on this side of the house. We would like him to know that we are going to be looking forward just as much as those fine faces we see behind him to the concrete results that are going to flow from this legislation. We hope we will not have to ask any more questions in the house about when people are going to be appointed. We also hope that he can now give us some indication of the great day.

Mr. Speaker: Is the house ready for the question?

Mr. Martin (Essex East): No. I expect that the Prime Minister intends to reply.

Mr. Speaker: May I inform the house that if the Prime Minister speaks now he will close the debate.

Mr. Pickersgill: On a point of order, sir, I have no desire to prevent the Prime Minister from speaking but does he not require unanimous consent?

Mr. Diefenbaker: You had better get the picture over there.

Mr. Speaker: Unanimous consent might have been required yesterday, but the order is properly called today.

Mr. Martin (Essex East): This is one occasion when we want the Prime Minister to speak.

[Mr. Argue.]

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. member for Bonavista-Twillingate, the authority on the subject of rules and other things, has been proven wrong again, thus adding to the record he has established over a long period of time. The hon. member for Essex East asked whether expenses should be lumped together or given in detailed form. I have no feelings one way or the other on that, and I can see no reason why detailed expense accounts should not be submitted. So far as his other question is concerned, the hon. gentleman need not ask any questions at all. Indeed, questions would be inappropriate at this time, because the legislation has not been passed and will not be passed until it receives the approval of the Senate and finally the signification of the crown.

Motion agreed to and bill read the third time and passed.

FREIGHT RATES

MEASURE RESPECTING REDUCTION OF CLASS AND COMMODITY RATES

The house resumed, from Wednesday, April 8, consideration of the motion of Mr. Hees for the second reading of Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, yesterday when the house adjourned I was discussing four aspects of the bill, and I should like to go on now and deal with a matter dealt with by the Prime Minister on an earlier occasion. I was considering clause 3 of the bill, which I said was contentious. I said that I thought the statement made by the Minister of Transport in the earlier part of his remarks was a direction to the board of transport commissioners not to deal with further applications made to it.

I see that the Prime Minister is leaving. I intend to deal with some of the things he said earlier in the debate, and particularly with his attitude concerning horizontal increases when he was on this side of the house.

Mr. Diefenbaker: Mr. Speaker, I will take it as read. I am sorry I have to leave. It is no discourtesy to the hon. gentleman. I always listen to him with the greatest of interest, but I have an appointment that takes me out of the house. I shall read every word.

Mr. Chevrier: I thank the Prime Minister for his generous comment. I know he has many things to attend to, and I am sure I will be the last to be offended if he is not present when I discuss his earlier remarks.

Sir, I posed a question as to whether the effect of the subsidy would apply to those

rates which have not been increased by 17 per cent. I see that the minister nods his head. Hence any rate that has been increased by, say, 10 per cent or less will not get the benefit of this subsidy. There is also the question which I pose now, namely the effect of this subsidy on coal and coke. It was said earlier that the subsidy would apply to all the rates under the board's order of November, 1958. As the house knows, the rate on coal and coke was increased by 22 cents a ton. Of course the question that comes to mind is this. Will the reduction of 7 per cent be applied to coal and coke? I see that the minister nods his head.

I now come to another part of my remarks, Mr. Speaker, in order to do that for which I really rose in the first place yesterday, namely to deal with certain statements made by the Prime Minister earlier, in which he made sweeping announcements and statements in so far as the conduct of his government is concerned. I refer to the statements he made. They can be found at page 63 of *Hansard* and read as follows:

> In 1948 the former government instructed the board of transport commissioners to proceed with an investigation into discriminatory freight rates to the end that equalization should be brought about so that those in the western provinces and maritime provinces should in no way unnecessarily be discriminated against; that is ten years ago. They also set up a royal commission, the Turgeon commission. It met and in 1951 it made recommendations, but with the exception of one small change, as I recollect it, the $7 million subsidy in respect of the bridge in the lake Superior area, no action was taken thereon.

Mr. Speaker: Order. I wonder whether hon. members would accord a little more attention to the hon. member who has the floor, or would at least moderate the tone of their voices. There is a good deal of noise in the chamber at the moment.

Mr. Chevrier: Thank you, Mr. Speaker. At this juncture I rose to protest the statement made by the Prime Minister. I said that statement was not only inaccurate but was not in accordance with the fact. The Prime Minister replied that I would have an opportunity to say so at a future date if I felt like doing so. That is exactly what I intend to do now. The Prime Minister, however, went on and said this, as reported at page 64 of *Hansard*:

> I am saying they did not do anything effective during those years. They did one thing. They talked about inflation. They cried over it. During the period between 1945 and 1957, freight rates increased by 120 per cent.

Then later, as found on the same page, he said:

> We find ourselves, by horizontal increases, placed in an ever more difficult position. The Leader of the Opposition says "Why do they not act?" For 12 years the increases went on and the government of which he was a member did nothing.

Sir, that is not so. That statement is not only inaccurate but is unfounded in fact, as I intend to prove. Let me pause here for a moment to say this. When the Prime Minister came in the house, as he did the other evening, and invited the house to give suggestions with reference to the establishment of a royal commission and the scope of that commission and spoke calmly and coolly, let me say to him that I prefer that attitude on his part rather than the political attitude which was adopted not only in this statement which he made but when he and others say "Oh, you have been here for 22 years but you have done absolutely nothing". In so far as freight rates are concerned I say that the former government has an excellent record of which it can boast.

But the Prime Minister was not alone in making that statement. The Ottawa *Journal* which is a fairly close follower of the Prime Minister and his friends, published an editorial following the statement made by the Prime Minister on December 1, 1958. I should like to read part of this editorial into the record. It is entitled "Mr. Pearson and Railways" and it reads in part as follows:

> Mr. Pearson opposes a freight increase for the railways, says they should have been given a subsidy instead, charges that the government allowed the railway problem to "drift".
>
> What did the government of which Mr. Pearson was a member allow the railway problem to do?
>
> In 1948, ten years ago, the government announced with a blare of trumpets that it had asked the board of railway commissioners to look into the whole railway rate structure, to look especially into geographical rate inequities.
>
> It has been a long look; and during that whole decade of looking Canada experienced one crippling railway strike, plus almost continuous dispute over railway rates and wages. It is not on record that Mr. Pearson or any of his colleagues ever did anything to hurry along the job they had given to the board of railway commissioners or did anything else whatever about railway rate inequities.

That editorial is as inaccurate, unfounded and unwarranted as is the statement which the Prime Minister has made.

Let us now look at the facts, Mr. Speaker, and let us consider the applications that were made to the board of transport commissioners over the years. The first general increase in freight rates came in 1917, and I need not remind the house what government was in office at that time. That increase amounted to 15 per cent. The second increase came in 1918, one year later, and it amounted to 25 per cent. I need not tell the house who was in office then, because the house knows. But do you know how it was done, Mr. Speaker? It was done not by way of application to the board of transport commissioners but by an order from the cabinet to the board of transport commissioners to increase the freight

rates by 25 per cent. That was the way in which a Conservative administration proceeded to deal with freight rates in those years. Then in 1920, still under a Conservative administration, there was an increase of 40 per cent, following an application at this time by the Railway Association of Canada to the board.

Then in 1921, when a Liberal administration took office, the 40 per cent increase was reduced, first by 5 per cent in 1921, then by 10 per cent in the same year and that reduction was followed by a further reduction in August of 1922, leaving the effect of the 40 per cent increase as follows: 17½ per cent in eastern Canada and 12½ per cent in western Canada.

So much for what was done under a Conservative administration with reference to freight rates. I insist on putting this on the record for the simple purpose of telling those of our friends who sit on the other side of the house that we on this side are getting tired, as I am sure the people of Canada are, of the government's practice, every time something happens in this country, by which they delight in telling us, "Oh, this is what you did when you were in office". It is about time the government stood on its own feet and made decisions without always saying "Oh, this is what you did when you were in office". We have been having that practice followed for some time. We had it followed by the Minister of Finance this afternoon. We had it followed by the Prime Minister with reference to the immigration order when it was before the house yesterday. Can we not have decisions, announcements and statements by the government without always having a reference made to the fact that this was done by the former administration, and that the government either was carrying on those policies or even making them better? Surely the time has come now that they have been in office for 20 months, almost two years, when they should be able to make decisions of their own and give the reasons for them.

It has been intimated by the statements and the editorial in the *Journal* that when we on this side of the house were the Liberal administration we had done nothing with reference to the question of rates. Listen to this. In 1897—

Some hon. Members: Oh, oh.

Mr. Chevrier: Very well, I will come right down to 1957 if my hon. friends will bear with me; but do not forget that the statement was broad, just as all these statements are from the other side of the house. It is said, either through the Prime Minister or through this editorial, that we were in office for 22 years and did nothing, so may I be allowed to say what we did. I say that the lowest freight rates ever put into effect in this country were the Crowsnest rates which were established under the Laurier regime in 1897. Then in 1903 the Liberal government enacted the Railway Act which authorized the establishment of the board of transport commissioners, the board which deals with these matters. That is the very board, Mr. Speaker, which our friends on the other side of the house want to destroy and see disappear, and I will be able to prove in an instant that a motion was made to that effect by hon. members opposite when they sat on this side of the house.

Then in 1924 the Liberal government inaugurated an investigation to determine whether it was possible to equalize freight rates in Canada, and it was found that it was possible. In 1927 the Liberal government introduced the Maritime Freight Rates Act, giving the benefit of a 20 per cent reduction in freight rates to the select maritime area. From 1948 to 1950 it reduced and then removed the mountain differential. It reduced the mountain differential first from 1½ miles on the prairies equalling 1 mile on the Pacific coast, to 1¼ miles, and then reduced the 1¼ miles to 1 mile, removing the mountain differential entirely in 1950. The mountain differential was a matter of great contention over the years, and I submit that is something which well might be given consideration.

But the greater part of the criticism levelled at the Liberal administration was with reference to P.C. 1487. That was an order in council under which the board of transport commissioners were authorized to make a thorough study of the rate structure of the railway companies with a view to the establishment of a fair and reasonable rate structure which would, under substantially the same conditions and circumstances, be equal in its application to all persons and localities, so as to permit the freest possible interchange of commodities between the various provinces and the extension of Canadian trade, both foreign and domestic, having due regard to the needs of agricultural and other basic commodities.

The Prime Minister, sir, ridiculed that investigation. I have in my hand the three reports which the board of transport commissioners handed down under this investigation, and I would like to refer briefly to them. The first report was made on March 25, 1955, and the effect of this first report was to substantially reduce class rates in western Canada to equalize these class rates, a matter which the provinces had been asking for over the years. I wonder if the Prime Minister

or his followers have read or studied this interim report on the equalization of freight rates, because it is well worth reading.

The second report under the investigation I have referred to was brought down on September 23, 1957, and I would just like to read one short paragraph from it. It states that—

—the first phase of equalization throughout Canada, namely, of class rates accompanied by a new freight rate classification, had been accomplished and made effective on March 1st, 1955.

Later, on page 4, it is stated:

The equalized class rates have now been in effect for two and one-half years and have cured the complaints that existed for so many years concerning the higher class rates in western Canada compared with eastern Canada.

Mr. Broome: Nonsense.

Mr. Chevrier: What was that?

Mr. Broome: I said nonsense.

Mr. Chevrier: If my hon. friend says "nonsense" to the judgment of the board of transport commissioners, he will have to direct his very intelligent comment to the board and not to me. Do not forget that our friends are now in office and have jurisdiction over this body. They cannot rise in the house and make statements like that when the body charged with the responsibility of establishing these rates makes statements such as this. I am not making them, they are to be found in the board's report.

Then I come to the third report under the terms of the order in council P.C.1487, dated December 22, 1958. I would like to read from page 3 of this report, which says:

Order in council P.C.1487 of April 7, 1948 required a general investigation of the freight rate structure of Canada, and directed that this investigation be made "with a view to the establishment of a fair and reasonable rates structure which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities, etc." Section 336 of the Raiway Act is broader in its application and sets forth the national freight rates policy that, subject to certain exceptions, "every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances, passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate, whether by weight, mileage or otherwise."

That was the object of the order in council P.C.1487; it was to equalize those rates as between the east and the west. Then the board in its judgment went on to say:

The board has been proceeding with "equalization" as defined by section 336, i.e., that subject to all reasonable considerations and the exceptions set forth in the section, the rate on a given article for the same distance and for the same weight must be the same in any part of Canada west of the maritime provinces, despite any differences in circumstances and conditions.

Mr. Browne (Vancouver-Kingsway): Would the hon. member permit a question?

Mr. Chevrier: Yes.

Mr. Browne (Vancouver-Kingsway): How could that principle possibly have been established when at the same time the railways were allowed to set competitive rates? I am not saying that they should not have been allowed to do that; obviously they had to. But where there was competition in one area and not in another, how could the freight rates possibly have become equalized?

Mr. Chevrier: Mr. Speaker, I think my hon. friend must make a distinction between class and commodity rates and competitive rates. This judgment does not deal, as my hon. friend knows, with competitive rates, because the competitive rates have always been excluded by the railways in their applications to the board of transport commissioners, and the reference to the board dealt with exactly the same subject matter that is being dealt with now by the minister in the subsidy of $20 million. I did not deal with competitive rates, because competitive rates are determined by other forms of transportation such as motor vehicles or water carriers. I think that is why this equalization dealt only with other than the exceptions mentioned in the order in council.

The Prime Minister complained about the tremendous length of time it took for the board to deal with this equalization under P.C. 1487. Well, the judgment of the board as recorded on page 4—the final judgment dated December 22, 1958—states that it was not possible to proceed with the equalization of these rates until January, 1952, and gives the reason therefor. It then goes on—and this will be of interest, I am sure, to the hon. member who interrupted me—to give the number of judgments which the board had handed down in order to equalize freight rates, and there are 13 of these judgments, beginning on January 10, 1952 and ending on January 19, 1958. Hon. members will find on page 5 a detailed statement concerning many of the class and commodity rates which have been equalized.

Thus I say this, in so far as the report, the investigation and the study under P.C. 1487 are concerned; that the board did a commendable job and the Prime Minister, instead of criticizing the board, should be commending it. The Prime Minister said it took a long time. Well, in the United States it took 12 years to enable freight rates to be equalized, so even if it has taken Canada seven years—and the job is still not done—I do not think we should be too surprised.

Now I come to 1948, when the government of the day established a royal commission on transportation, the Turgeon commission. That commission produced the most exhaustive study ever made in this country of the problem we are now discussing. The Prime Minister, when he was on this side of the house, welcomed the announcement of the royal commission and spoke approvingly of it. The work of this commission was expeditiously handled; but let me point out to the minister that notwithstanding the fact that the commission was appointed on December 28, 1948 it did not issue its report until February 9, 1951, more than two years later.

So I say to him with deference that if the royal commission which he and the government intend to set up is going to do the kind of job the government expects it will do, it should be encouraged to carry out a thorough investigation, and it should not be limited with regard to time in such a way it has been limited both by the Prime Minister's statement and by the minister's own announcement.

Finally, in 1951 the then government of Canada accepted the recommendations of the royal commission on transportation. It accepted all the recommendations having to do with freight rates and many other recommendations incidental thereto, and these were brought into this house, implemented by way of legislation and put into effect. It was stated at that time in this house that this was the most important and forward looking piece of legislation having to do with freight rates ever introduced in Canada. Notwithstanding that statement there are still accusations from the other side that nothing was done.

Let me go into detail with reference to what was done by the previous administration by way of implementing the recommendations of the Turgeon commission. First of all we brought in legislation which provided for the payment of a subsidy of $7 million for the maintenance of the trackage through northern Ontario which serves as a link or bridge between certain points in that part of the province of Ontario. That is the matter which the Prime Minister said was the only thing done of any consequence.

Let us see what other things done were of consequence. Legislation next provided for the establishment of a national freight rate policy as enacted in section 336 of the Railway Act. This was an over-all direction to the board by a section which stated that every railway company shall so far as reasonably possible in respect of all freight traffic of the same description and carried on or upon a like kind of car, passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate whether by weight, mileage or otherwise, with the exceptions mentioned in subsection 4 of section 336. This is what the board of transport commissioners tried to do. Using P.C.1487, as I have said, in conjunction with this amendment, section 336 of the Railway Act, the board tried, and succeeded in large measure, to equalize freight rates.

This section was, I submit, of tremendous benefit to western Canada. It provided for the equalization of rates between east and west. Prior to this, rates in the west were higher than those in the east. Rates have now been equalized under this section between east and west except for the unfinished business mentioned in the reports of the board which were tabled in the house and which anyone can see.

Then again, the legislation brought into effect the one and one-third rule which, as the committee knows, is of particular interest to the province of Alberta. The one and one-third rule is contained in section 337 of the Railway Act and it was, for so long as it was in operation, of great assistance to those who live in the intermediate territory. The one and one-third rule states that whenever any railway establishes a rate to Vancouver, say, it shall not charge more than one and one-third of that rate to intermediate points.

This, as I have said, was of great benefit to intermediate points until the judgment of the board of transport commissioners on agreed charges in the cast iron pipe case, interpreting section 32 of the Transport Act. This judgment nullified the benefits of the section inasmuch as the railways can contract themselves out of it by means of agreed charges. This is why the other evening I suggested to the house that consideration should be given to the effect of that section of the Railway Act, read in conjunction with section 32 of the Transport Act, to ascertain if it is not possible by some means or other to give the effect and benefit of the one and one-third rule to intermediate territory.

Another piece of legislation which was brought down was the provision for the uniform classification of systems of accounting for the railways. The house knows that for a long period there was tremendous difficulty between railways in Canada and in the United States because there was no uniform system of accounting, and the railways repeatedly asked parliament to institute a change and make accounting uniform. This was done by means of a section in the Railway Act. The interstate commerce commission of the United States had had such a unified system for many years. This was a good piece of legislation to be enacted, and it was one which

the provinces welcomed and which the provinces had been anxious to obtain.

Now I come to a point which will interest the hon. member for Vancouver-Kingsway (Mr. Browne), dealing with competitive tariffs. At that time there was a great deal of complaint about the fact that the railways could simply file a competitive tariff. Well, the Railway Act was amended so that a competitive tariff filed with the board was subject to the same investigation and study as any other tariff. The board was enabled, because of that legislation, to go into that rate and ascertain whether or not it was compensatory to the railway. I believe, too, that it was of benefit to those who have to ship goods from one end of the country to the other.

Then there was a piece of legislation having to to with the recapitalization of the Canadian National Railways. As the house knows, the Canadian National Railways Capital Revision Act was introduced in this house. It changed 50 per cent of the company's interest bearing debt to preferred stock, on which after settling income taxes a dividend of 4 per cent would be paid from earnings. For a term of ten years, because of that legislation, until 1961, the railway is not required to pay interest on $100 million of its long term debt. The C.N.R. asked for this legislation and welcomed it, and I have no doubt that it assisted the railway a great deal.

We then brought in a bill to amend the Transport Act which provided for agreed charges for the Canadian National Railways and other lines. It, too, was of assistance to the railways.

In a word I repeat what I said earlier. All the recommendations made by the royal commission having to do with freight rates were implemented by the previous administration. The Prime Minister said the rates had gone up by 120 per cent. He did not say to what extent they had gone up in other countries, and neither did he include in the increase he mentioned that which has been made by the board of transport commissioners since the present government took office. There has been an additional 17 per cent increase, which brings the increase to 157 per cent rather than 120 per cent. The Prime Minister very carefully shied away from the 17 per cent increase which was put into effect by the board of transport commissioners under the regime of my hon. friends. If a comparison is made of increases in freight rates over the years from the time increases started after world war II, in 1948 let us say, up to the time the Prime Minister made his statement, it will be found that increases were greater in the United States and as substantial, if not greater, in the United Kingdom.

There, sir, is the record in so far as the previous administration is concerned. There is a statement of what was done by the previous Liberal administration, what was done by the Leader of the Opposition and his colleagues when they sat on the other side of the house to alleviate the burden of freight rates.

Let us see what was done by our hon. friends when they sat on this side of the chamber. This is important. Let us see how their conduct then compares with what it is today. Hon. gentlemen opposite when they sat on this side of the house sought to do away with the board of transport commissioners. They said the board was incompetent. They accused the board of being responsible for the increases in freight rates and for the state of confusion and chaos in which the country found itself in reference to the unfair application of freight rates. "It is not functioning as it should," said the opposition of that day. "The government," the opposition said, "should take over".

Do you know what they did then? They moved to reduce the estimates of the board of transport commissioners to $1. When I brought in my estimates on June 2, 1950 this was suggested by the then opposition. There will be found at page 3113 of *Hansard* of that date a record of the discussion wherein I made a lengthy statement about the position of freight rates as they were at that time. At the end of my speech the then leader of the opposition intervened in the debate, and at the conclusion of his remarks he moved that item No. 524, which provided for the salaries of the board of transport commissioners and the administration, maintenance and operation of the board in the amount of $624,800, be reduced to $1. That was the extent of the contribution of our hon. friends opposite when they sat on this side of the house. They would have put the board of transport commissioners out of operation.

Let us examine what they do now. Now that they are in office they renew and extend the terms of office of certain members of the board. I do not know how many have been extended, but I know the tenure of office of one or two has been extended. These are gentlemen for whom I have great regard and who have excellent records on the board. Now that hon. gentlemen opposite have the responsibility of office they renew and extend the terms of office of some men whom we appointed. But now here is the great joker of those who sit on the other side of the house. Do you know what they did in those days? They were against the establishment

of a royal commission. They said it would be a complete waste of time and would accomplish nothing. I am sorry the Prime Minister is not here because—

Mr. Martin (Essex East): He may be listening.

Mr. Chevrier: Yes, he may be. I regret that he is not here because I am sure he would enjoy my reading back to him some of the statements which were made during that debate. I remember the debate very well—oh, not the debate; the debates, because there were so many of them—and what was said particularly by hon. gentlemen opposite. Now we have the Prime Minister coming forth and saying he is going to establish a royal commission to deal with the transportation policy, the very thing hon. gentlemen opposite said would be utterly useless.

The then leader of the opposition made an interesting statement dealing with the appointment of a royal commission.

Mr. Browne (St. John's West): What date was that?

Mr. Chevrier: January 14, 1949. It was quoted in the Montreal *Star*. The statement was made by the then leader of the opposition as he got off the train at Regina, and well do I remember it because I raised it in the house. This statement followed the announcement which had been made in the house by the former government to the effect that a royal commission would be established to deal with transportation policy and other matters. The press release reads:

> The royal commission to investigate Canada's freight rate structure was tagged tonight (in Regina) by Hon. George Drew, Progressive Conservative leader, as a "waste of time." In a brief press conference on the second stop on his western tour, Mr. Drew said all essential data seemed to have been assembled and that the most important thing now was "determining the principle on which adjustment must be made of rates."

The then leader of the opposition thought a royal commission was a waste of time. Do you know what happened after that? The Conservative party held a convention here in Ottawa and passed a resolution stating that a royal commission would be a good thing. The resolution was to the effect that a royal commission should be established without delay to consider the whole transportation policy. They were running in both directions, their leader saying a royal commission was a waste of time and the party in convention saying they wanted a royal commission, just as they do now that they sit on the other side of the house. They run in two directions and sometimes in three, now that they sit where they do. We have had demonstrations of that sort of thing on a number of occasions, as the house knows, and I hope hon. gentlemen opposite will not ask me to cite examples.

Mr. Fraser: The two royal commissions were for the purpose of determining different questions.

Mr. Chevrier: That is a very helpful remark.

Mr. Fraser: It is true.

Mr. Chevrier: The other inconsistent attitude of our friends on the other side of the house had to do with horizontal rate increases. The house knows that once an increase in freight rates is granted, unfortunately, the effect is uniform. It is horizontal rate increase and it affects all parts of Canada detrimentally, but more particularly those parts in the east and in the west. According to our Conservative friends when they sat on this side of the house, the former government had done absolutely nothing to alleviate the burden of those uniform and horizontal freight rate increases and the former government should be condemned, the Prime Minister said. In fact in his statement in the house which I read earlier—and I shall repeat one sentence—he said, as reported at page 64 of *Hansard*:

> We find ourselves, by horizontal increases, placed in an ever more difficult position.

Then again, during the election campaign the Prime Minister made some very pertinent statements about horizontal rate increases. Here is what he is reported to have said, according to a Canadian Press report published in the Windsor *Daily Star* of February 14, 1958:

> On freight rates, Mr. Diefenbaker spelled out for the first time his government's apparent intention on the increase granted in January by the board of transport commissioners.
>
> Listen to this:
>
> "We said before we were in power that freight rates were unjustifiably high when raised horizontally.
>
> Did we act? When the board allowed an increase, we held it up because it could not be justifiably brought into existence on the basis the increase was provided."

This statement was made on February 13, 1958. The effect of it is to say that horizontal increases are unjustifiably high and should not be allowed to go into effect. Well, what did the judgment of the board of transport commissioners say just a few months later? The board of transport commissioners, at page 14 of its judgment dated November 17, 1958, said this about horizontal rates:

> There are many critics who point up the undesirability of horizontal increases, particularly stressing the amounts in cents per one hundred pounds by which such "spreads" increase, but it has not been shown in what way this feature can be avoided without either placing a higher rate

burden on short haul traffic or reducing the earning power of the carriers by granting them rate levels too low to produce the revenue they should be entitled to seek for the service they provide.

This is a complete answer to the Prime Minister.

Mr. Brooks: That is owing to competition, of course.

Mr. Chevrier: It does not matter what it is owing to. The point is that the Prime Minister and those who sat on this side of the house said they were going to remedy the impact and the effect of horizontal rates.

Mr. Brooks: I think the point is that horizontal rates were increased over the years when the Liberals were in power, and that the amount of freight on which it was imposed was on a base of about 34 per cent. There was the difficulty over the horizontal rates, as my hon. friend knows; it was the application of the horizontal rates on such a narrow base.

Mr. Chevrier: I thank the minister for that intervention, and my reply to him is this. He has been in office now for 20 months. Here is the judgment of the board of transport commissioners which has increased freight rates by 17 per cent. The effect of that rate increase is uniform and horizontal; it applies all across Canada; it applies to the maritimes as it does to western Canada. It has done nothing to alleviate horizontal increases.

Mr. Brooks: May I say to my hon. friend that the increase was 17 per cent. We have reduced it 7 per cent. Your party was in power for 23 years. Increases amounted to some 130 per cent, and your party did not reduce them 1 per cent.

Mr. Argue: The minister's party has increased it by 10 per cent. It went up 17 per cent and down 7 per cent.

Mr. Brooks: Ten per cent.

Mr. Chevrier: I have no objection to my hon. friend interrupting my speech. As he knows, he has no right to interrupt or to inject a political note. But let me say this to him. The 17 per cent judgment is unjustified in so far as the attitude of our friends on the other side of the house is concerned because of the fact that the increase in the horizontal rates is definitely affected by the 17 per cent.

Mr. Brooks: Will the hon. member permit—

Mr. Chevrier: No, I will not allow the minister to interrupt me.

The Acting Speaker (Mr. Rea): Order. I am afraid the Chair cannot allow the house to anticipate the committee stage.

Mr. Chevrier: I have no objection to an interruption by the minister, but at least he should wait until I have replied to his statement. What I was saying is there has been a reduction of 7 per cent but there is still an increase of 10 per cent, and the effect on the horizontal and uniform rate increases is nonetheless 10 per cent in the maritime provinces, in the select territory where my hon. friend lives.

Mr. Brooks: Put on by the board of transport commissioners.

Mr. Chevrier: I see; put on by the board of transport commissioners. But when my hon. friends were on this side of the house they said the board of transport commissioners were inadequate, were useless and were not doing the kind of job that should be done, and they made a motion to reduce the estimate to $1. I know my hon. friend does not like this; nonetheless I am trying to say that it is one thing to go out on the hustings and make a political speech and it is another thing to come into the house and give the facts as they should be given.

Mr. Brooks: You are making a political speech in the house and not on the hustings.

Mr. Chevrier: Then my hon. friend can answer it. If I am making a political speech here my hon. friend can answer it, and I hope he will rise in his place and answer this. The statement I make now is that freight rates are far too important a matter to be dealt with politically.

Mr. Brooks: Hear, hear.

Mr. Chevrier: They should be dealt with by the board of transport commissioners. This is the board which has been maintained by parliament over the years to deal with this highly technical matter, and no political note should be injected in it. If my hon. friend believes that I am making a political speech now may I say that I would not have made it had the Prime Minister not made the statement the other day that while we were in office we had done absolutely nothing. I submit that we have done a great deal, and if my hon. friend who interrupts me now will consider the facts he will agree. He knows full well that the Maritime Freight Rates Act, which is of assistance to his part of the country, was passed by a Liberal administration. The increase of 10 per cent, from 20 per cent to 30 per cent, in traffic that moves, I believe, outside the select territory was also brought into effect by a Liberal administration. I am sure he will not deny that.

I have perhaps taken up too much time, sir. I did not intend to speak at this length, and I would not have risen in my place had

those statements not been made by responsible members of the house here and outside the house on a matter which when I sat on the other side of the house I considered was a technical one to be dealt with by the board of transport commissioners, an expert body whose business, experience, duties and responsibilities are to fix, determine and enforce rates pursuant to section 328 of the Railway Act, as changing conditions from time to time require.

To sum up, I say that those who sit on the other side of the house, when they sat here, would do away with the board of transport commissioners, would call royal commissions useless and would remove the effect of horizontal freight rate increases. Now you are in office. Go ahead and remedy the impact of horizontal freight rate increases. Go ahead and do what the Turgeon royal commission, which conducted one of the best and most exhaustive studies ever made in this country, said could not be done with reference to horizontal increases except by the railways. In dealing with horizontal freight rate increases the commission had this to say:

> The remedy does not lie in the prohibition, statutory or other, of horizontal increases, but is in the hands of the railways themselves. The railways should make studies of traffic conditions in all their bearings and should present to the board . . . proposals showing not only their maximum percentage increase requirement, but also, among other particulars, varying percentage increases on different commodities, flat, instead of percentage increases when these are more suitable, and maxima in appropriate cases in cents per 100 pounds or other unit.

The recommendation by the board of transport commissioners with reference to horizontal increases was that no legislative amendment was required, that the Railway Act in its present form was sufficient and authorized the railways and the board to deal with this problem satisfactorily. But you on the other side of the house have said, "Oh no, wait a minute; we shall deal with this and will remedy the impact when we get into office". I have referred to two statements made by the Prime Minister (Mr. Diefenbaker), one made in Saskatoon and the other made in the house. If he can do it I will be the first to commend him because I know the people of Canada will welcome anything that will have the effect of alleviating the burden of horizontal increases in the freight rate structure.

Mr. Brooks: May I ask the hon. member a question?

Mr. Chevrier: Yes.

Mr. Brooks: Does the hon. member say that the freight rate situation is satisfactory?

Mr. Chevrier: I certainly have not said that.

[Mr. Chevrier.]

Mr. Brooks: He says that nothing can be done, according to the Turgeon report.

Mr. Chevrier: I said no such thing.

Mr. Brooks: You implied that.

Mr. Chevrier: If I implied that, then I beg my hon. friend's pardon. I was dealing with horizontal increases when I made the statement I did and I was not dealing with the whole freight rate structure. Of course the freight rate structure can be bettered. That is the object of P.C.1487, to equalize freight rates all across Canada.

Mr. Brooks: That is the object of this government to better the freight rate structure.

Mr. Chevrier: I hope the government will be successful. What I was dealing with when my hon. friend interrupted me was only a small fraction of the structure, namely horizontal and uniform rate increases, and the board in its last judgment says it has not been shown in what way this can be done; that the railways are the ones to alleviate horizontal increases. When I was dealing with horizontal increases I was simply replying to statements that had been made earlier by those on the other side of the house.

So that there may be no doubt in the minds of hon. members let me say that of course there remains a great deal to do. There are still inequities, there is still discrimination, there is still equalization that needs to be brought about with reference to the freight rate structure, there is still need of a national transportation policy for Canada. I presume that will be the object of the royal commission. I presume that will be one of the terms of reference of the commission. I do not pretend that the situation is fine in the finest of worlds. What I am saying is that we have done a great deal to alleviate the effect and burden of discrimination, inequalities and inequities in the freight rate structure, and I think I have put enough evidence on the record to indicate to our friends on the other side that while we were in office we did not simply do nothing as our hon. friends try to indicate.

I have been much too long, Mr. Speaker, and I simply want to conclude by saying that with respect to any measures the government brings before us, either through this subsidy which we will support and try to strengthen when the bill goes to the committee or through the scope, broad as it may be, of a royal commission, we will support the government because having in mind the tremendous distances over which freight has to move to the extremities of our country it becomes more and more important to remove these inequities. The former administration

removed a large portion of them and should be given credit instead of criticism.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to speak for a few minutes on the bill which, from the point of view of members of this group, is a measure of expediency to meet a long term and continuing problem that is of concern to large sections of the Canadian people. It simply reduces from 17 per cent to 10 per cent the increase in freight rates which the people have to pay at the present time. I might say, Mr. Speaker, that during the exchange between the Minister of Veterans Affairs (Mr. Brooks) and the former minister of transport with respect to what the present government had done in 20 months compared with what the former government had done in 22 years I made a quick calculation, and if my calculation is correct the average rate of freight rate increase per year during the former government's term of office was slightly under five per cent while, allowing for the $20 million subsidy, the average rate of increase in freight rates during the last 20 months has been something slightly over six per cent. There is not a great deal of difference with respect—

Mr. Brooks: Hardly a logical conclusion.

Mr. Herridge: —to whether one government or the other was in power. I wish to present the representations of this group regarding this very serious and complicated question. I might say it is not a subject on which I enjoy speaking because I admit quite frankly I can no more explain the idiosyncrasies of the freight rate structure than fly but we do have certain opinions with respect to how freight charges are arrived at, the effect that increases in freight rates have and the attitude of the Canadian people.

The representations of our group are based on a knowledge of the seriousness of this continuing situation as indicated by the repeated protests year after year made against increases in freight rates by provincial governments, farmers' organizations, the British Columbia fruit growers' association and organizations representing lumber manufacturers, mining and other industries. The representations of the farmers' organizations have been placed before the house a number of times by other members of this group and I am not going to deal with them further. But I do want to say a few words with respect to the tree fruit industry, the lumber industry and the mining industry.

The tree fruit industry of British Columbia, with which I am particularly well acquainted, has made submissions to hearings of the board of transport commissioners on several occasions vigorously opposing increases in freight tariffs. They have done so because they have done everything possible to lower costs by improving packaging and extending markets with an aggressive sales policy. In other words, they have done all they can to help themselves. Regardless of every effort in this respect the industry is having a very difficult time indeed. Even at present the growers are receiving little more and in many cases less than the cost of production. I am sure a good number of members recall that in 1955 the cost of production of apples in British Columbia was approximately $2.50 a box and the average return to the fruit growers of British Columbia for all grades was about 72 cents a box. That gives one some idea of why they are so concerned about the cost of transportation for their commodity.

Again, what about the lumber industry? I am very well acquainted with a wide section of the lumber industry and it too has suffered very seriously in the last 12 or 18 months from lack of markets and low prices. As a matter of fact, Mr. Speaker, in the last 15 months a good number of small saw mills in British Columbia have been obliged to close down because they could not continue to operate or could not continue to make a profit that made it possible for them to operate. Others have continued to operate under great difficulties and in most cases up until quite recently on an extremely narrow margin. The industry in British Columbia has made repeated representations to the board of transport commissioners and to the cabinet committee on freight rates because of the seriousness of the cost of transportation to this industry. I am sure the minister realizes what it means to these smaller mills, particularly in the mountainous sections of British Columbia, to have even this ten per cent increase in freight rates at this time.

Then I am sure all of us know the difficulties that have been experienced by quite wide sections of the mining industry which have suffered a decline in the price of base metals in the last two years particularly. Here again in this connection may I say that in my constituency and in surrounding constituencies a number of small properties have been obliged to close down, to a large extent because of the cost of transportation of their product to the markets concerned. These transportation costs are a most important factor particularly with respect to the smaller segments of the lumber industry and the mining industry and in connection with farming and fruit farming in general.

For a few moments I want to deal with our two arguments—we have stated them before

but on this motion for second reading we wish to repeat them—against the position taken by the Canadian Pacific Railway Company when seeking increased freight rates. I might say that my reading of the record in years past would indicate that the whole pattern of freight rates in Canada seems to be established by the attitude of the Canadian Pacific Railway Company. We in this group believe that the Canadian Pacific Railway Company suffers from two diseases, namely economic schizophrenia and income tax anaemia. That is our approach to the position of the C.P.R. We believe both of these diseases can be cured by a shot of government action and we believe it is about time that something was done in that respect.

We think the Canadian Pacific Railway Company has what we would term a split personality. The company has for years assiduously developed the legend that its corporate assets are arbitrarily divisible as between the rail and non-rail operations. The company's entire case, as far as we can see, rests on the assumption that its railway operations can be divorced from the other lucrative enterprises which account for such a large part of its income. In our opinion, this is a completely unsound and unethical position. For instance, when a shareholder purchases stock in the Canadian Pacific Railway Company he does not buy shares reflecting the assets of the railway as distinct from the non-operating assets but purchases shares that reflect the earnings of the total assets of the company. Why should not the company's rates, taxes and charges be assumed to be on the same basis?

I want to quote briefly from an editorial which appeared in the Winnipeg *Free Press* of November 19, 1957. It was written by a gentleman who is designated as "S.M.". I think this editorial clearly states the case and I am going to quote it in full because I think it is worthy of being on the record. It states the case much better than I could do it of my own volition and it presents our argument in this respect. The editorial is headed "C.P.R.'s Claim Challenged". This was one of a series of articles dealing with proposed freight rate increases. It reads as follows:

> Ottawa: The Canadian Pacific Railway Company for years has assiduously developed a legend that its corporate assets are arbitrarily divisible as between rail and non-rail operations.
>
> Every application for higher freight rates depends upon this supposition, and none more than the case currently being considered by the transport board. The C.P.R. has asked the board to accept as a rate base the sum of $1,146 millions, which the company says is its net investment in railway property.
>
> The C.P.R.'s entire case rests on the assumption that its railway operations can be arbitrarily divorced from those other lucrative enterprises which account for such a large part of its income.

[Mr. Herridge.]

> The validity of this argument has been directly challenged by a paper prepared for the board by Prof. Vernon Fowke of the University of Saskatchewan. Prof. Fowke's study clearly demonstrates that neither parliament nor the original officers of the company intended that these ancillary operations should be anything but part of the company's general transportation system.
>
> The Canadian Pacific Railway Act of 1881 defines the purposes of the company: To construct a rail link to the Pacific coast, to buy or build a line to the Atlantic, to acquire such other facilities as would contribute to a well-rounded transportation system, and to operate the whole in perpetuity.
>
> The charter was amended in 1902 to broaden this scope by including such non-rail operations as mining and smelting,—

I may say that includes an extremely profitable mining and smelting company which last year declared a profit of over $14 million.

> —irrigation, generation of electricity and iron, steel and lumber manufacturing.
>
> The 1902 amendments specified that these powers were to be exercised "for the purposes of the company," and this phrase or its equivalent is contained in each amending clause. Its inclusion, as Prof. Fowke observes, is no mere legal verbiage, for parliament in 1881 had clearly defined these purposes as the operation of the railway.
>
> Any recent annual report of the C.P.R. will illustrate how far the company has departed from these purposes. Its "other income" in 1951 was nearly $30 millions, not a penny of which was credited to rail operations.
>
> "The wording of the various sections of the (1902) statute makes it abundantly clear," Prof. Fowke states, "that the parliament of Canada had no intention that the beneficiary of the statute, the C.P.R., might henceforth or at any time exercise its additional powers as ends in themselves or for purposes divorced in any way from the purposes for which the company was originally formed."
>
> Parliament clearly had not contemplated a company which would pour its railway profits into vast non-rail operations, at the same time charging the public with the entire cost, including corporate income taxes, of running the railway alone.
>
> Nor had parliament ever intended that the 25 million acres in land and $25 millions in subsidies which it granted the C.P.R. would be used, not for the benefit of its customers, but for the greater reward of its shareholders.
>
> The 1902 powers, the subsidies and the land grants were given, Prof. Fowke says, to assist the C.P.R. in the fulfilment of its purposes as an instrument of national policy, the central object of which remained that of operating a railway.

I quoted that editorial in full, Mr. Speaker, because I think it is an excellent exposition of the facts of the situation as we see it with respect to the C.P.R.'s continued insistence on divorcing its railway operations from its other much more profitable operations.

I now come to the question of what I term the income tax anaemia; that is, the method by which the company under the income tax provisions of legislation makes annual additions to the so-called tax equalization reserve, whereby they make provision

for modernization, dieselization, improvement in track and so on. It is an extremely complicated question indeed. For the sake of exactitude I just want to quote briefly from one or two briefs that were presented to the board of transport commissioners by various transport officials who make a specialty of this subject. In that connection I will quote first of all from page 2 of a report by the national association of railroad and utilities commissioners, 1955, report of committee on depreciation. I quote this one paragraph because it illustrates what is happening at the present time under the present income tax policy pursued by the Canadian Pacific Railway Company. At page 2 of the report we find this:

> Heretofore, public utilities generally have employed the straight line method of computing depreciation expense for income tax purposes. For many years, prior to about 15 years ago, electric and gas utilities computed depreciation expense for income tax purposes according to the straight line method but employed other methods for corporate accounting purposes. To a limited extent this is still true. In general, those utilities claimed and were allowed more depreciation expense in their tax returns than they recorded in their corporate books of account. A study by the securities and exchange commission for the ten-year period, 1930-39, disclosed that 168 electric and gas utilities charged 53.64 per cent more depreciation for tax purposes than they recorded in their corporate accounts. The higher allowances for depreciation expense resulted in consequential tax savings as compared to the taxes which would have been terrible had the allowance for depreciation been equal to that recorded on the books.

That is exactly the same principle which has been given effect at the present time by the Canadian Pacific Railway Company and to which we object.

Then there were further representations made before the committee. I think they were presented by the gentlemen representing the province of British Columbia in this particular case. I would like to read from appendix A of the report from the committee on accounts and statistics, which is a report dealing with the accounting treatment of tax reduction occasioned by depreciation provisions of the internal revenue code of 1954. They used this to illustrate this practice which has been transferred from the United States to Canada in recent years. This is what is said on page 12 of this appendix:

> It should be clear from the foregoing evidence that the new methods of accelerated depreciation authorized in the internal revenue code of 1954, and particularly the years-digits method, offer management the opportunity to make considerably increased annual depreciation charges for an indefinite period and, consequently, very great tax savings. Moreover, contrary to erroneous general belief, these tax savings will be permanent—at least as long as the law remains in effect. In no legitimate sense may they be considered tax deferrals.

Then on page 13 I read the following with respect to this problem:

> The committee is convinced that the use of the liberalized depreciation procedures permitted by the 1954 revenue act results in tax reduction, not tax deferral, and that it would be contrary to sound accounting principles and to the provisions of the uniform systems of accounts to record such tax reduction in a deferred credit account.
>
> The real regulatory problem in connection with tax reduction arising through liberalized depreciation is how to treat the tax reduction in fixing rates for service. This of course is not an accounting matter; however, the committee does have some thoughts on this question and believes the following suggestions are worthy of consideration.

Mr. Speaker, I have just dealt briefly with two aspects of the policy of the Canadian Pacific Railway Company, the first of insisting on separating its railway assets from its other much more profitable assets when considering the cost of operating the railway, and the need according to the company for increased freight rates and, second, the annual addition to the so-called tax equalization reserve fund.

We in this group believe that a national transportation policy that co-ordinates air, land and water transportation in Canada is urgently required. We think we require a policy in which consideration will be given to the needs of every section of Canada as to how this country can most economically and effectively be given the service, both freight and passenger, to meet its requirements. We believe this national transportation policy should make provision for an efficient service to all portions of Canada, and should make provision for the equalization of freight rates and the necessary standards of passenger service to all parts of the country. In our opinion the terms of reference of the royal commission should provide for a thorough study of all aspects of the transportation problem as a basis for the planning of a national transportation policy by this House of Commons and this government. Until we approach this problem in an over-all way we are simply going to continue this "bits and bobs" policy year after year, with the companies asking for an increase in freight rates, farmers' organizations, mining and lumbering industries appealing against the increases, and then some temporary expedient being brought before this house to meet the situation and soft soap over it temporarily, just as we are doing in this bill, thus getting no further toward a real solution of the question. Under present circumstances agricultural, lumbering, mining and other industries suffer from an inequitable freight rate structure. Also many Canadians suffer from the discontinuance of branch line passenger services,

which in some cases should not and would not be discontinued if this government governed Canada in these cases rather than let the wishes of the C.P.R. prevail.

Mr. Speaker, once again I cannot resist bringing to the attention of the house one situation just to illustrate the effect of this "bits and bobs" policy and the fact that what Mr. Crump says goes, rather than what the Minister of Transport (Mr. Hees) says, with respect to meeting the needs of various sections of Canada. Just imagine, Mr. Speaker, that under present circumstances our Minister of Transport in effect has to go cap in hand almost on bended knee to ask Mr. Crump if he would do something to correct an injustice which exists with respect to transportation services provided in some parts of Canada. That is what is actually happening at the present time, and in the opinion of the members of this group it is an outrageous situation which we are going to continue to protest against until we get some remedy. I cannot believe that this government is going to allow this situation to continue. As I said before, I cannot resist bringing to the attention of the house again the fact that in southeastern British Columbia, where 135,000 people produce between $200 million and $250 million worth of mineral, forest and agricultural products, they have to suffer a Budd car service from Vancouver to Lethbridge where the young and the aged, the decrepit, lame, invalid and sick are required to sit up for 24 hours and subsist on dry sandwiches and cool coffee. There is a direct illustration of what happens with respect to this "bits and bobs" policy. This is the passenger service which is being provided by the Canadian Pacific Railway Company for the southeastern portion of British Columbia, and regardless of how much the Minister of Transport tries to help us, and I know he has done his very best, still Mr. Crump says nothing doing. He says what is going to be done or not done.

We submit that that situation should be remedied, and we will continue to squawk until it is, even though I find that because of my continued reference to this injustice some of my lady friends around the building are now referring to me as "The Kettle Valley Kid". It is about time the government of Canada demonstrated that it meant to govern with respect to a national transportation policy for this country. Members of this group trust that this is the last time that this house will be required to deal with this problem on a temporary, piecemeal, titbits basis, and hope that a national transportation policy will result from the royal commission's recommendations, which we trust will be within a year, and that consequent action will be taken on the part of this government, which has promised so much and to date done so little to meet this problem.

[Mr. Herridge.]

Mr. E. J. Broome (Vancouver South): Mr. Speaker, the hon. member for Kootenay West (Mr. Herridge) has just made an admirable speech except that his last words should have been "promised so much and have done so much". Coming from British Columbia, I would not expect the hon. member to have anything but the highest praise for this government, which is the first government to have recognized the peculiar problems existing in the extremities of the country.

I was very interested to hear the remarks made by the hon. member for Laurier (Mr. Chevrier) who spent 90 per cent of his time castigating the government and the last 10 per cent telling us what a fine bill this was, what a lot it would do for the country and what a lot there was still to do in the way of equalizing freight rates.

With regard to British Columbia, I should like to quote from a brief prepared by the British Columbia lumber manufacturers association which stated that since April, 1948 seven freight rate increases had been approved by the board of transport commissioners and that the total cumulative increase had been 125 per cent up to the beginning of 1958. This included the 3½ per cent which this government disallowed in its first term of office, and all hon. members from British Columbia know how widely and heartily the government was praised in the press of the province for this decision. In circumstances with which all hon. members are familiar, the government was faced with a 17 per cent increase in freight rates, an increase which had to come about if we were to keep our railways in a position to serve this country and provide the essential transport facilities which a modern society needs. So what has the government done? It has brought in, not bits and pieces of legislation, but an idea in legislation which is new. I wish the hon. member for Laurier would listen to this: for 22 years during which his party governed this country there was nothing new in the way this legislation is new, because this legislation recognizes the needs and extremities of transport users in this country.

The effect of succeeding increases in freight rates had been to increase the cost of shipping a thousand board feet of lumber from Vancouver to Winnipeg from $14.70 prior to April 8, 1948 to $34.60 by January 1, 1957. On the same basis, shipments to Toronto increased in cost from $22 to $40.30. Because of these increases there set in a progressive decline in shipments of coast lumber to the eastern Canadian markets, a decline of some

47 per cent from almost 10,000 carloads in 1948 to 5,290 carloads in 1957. As every hon. member from British Columbia knows, or ought to know, our prosperity is dependent entirely on the prosperity of the woods industry, because at least 25 per cent of our payroll comes from forest industries, and as forest industries go, so goes British Columbia.

I have just finished checking with the board, as far as I can, with regard to the latest increase—the increase of 17 per cent—and I think it would be of interest to hon. members to know that rates on traffic originating in British Columbia on the coast and in the interior would have had to bear that 17 per cent increase almost in its entirety and, in consequence those shippers and those producers who are dependent upon the movement of the products they have produced will gain the greatest benefit from the present legislation since, as I have said, this measure has been tailored to help the maritimes and the far west. Further, as I also said, this is the first time anything has been done in this house to help, particularly, the province from which I come.

The hon. member for Laurier mentioned the Turgeon royal commission and the bridge subsidy on traffic across the northern shores of lake Superior, and mentioned what important aid this provided in marrying the two sections of Canada. The bridge subsidy is a very fine thing, but there are other non-productive areas in Canada; one might call the trackage through the mountains a non-productive area. But what has been the effect of the bridge subsidy? It has certainly been good, but it was not tailored to suit our needs, because the effect of the subsidy, having regard to the location of the bridge, has been to increase our cost of shipping into our legitimate markets, that is, the prairie provinces, in relation to the cost of eastern manufacturers shipping to the same region. This has come about because of the location of that bridge.

The fact that an artificially low rate is in existence across this trackage creates a subsidy which helps in shipping west, and which does help the west to ship to the east when shipments are being made east of the bridge but not when they are being made to points west of the bridge. So although this has helped us to a limited degree it will not do so to anything like the same extent as this measure will do.

To give hon. members some idea of the difference in the application of these rates I should like to point out that the 16½ per cent freight rate increase granted in 1953 resulted in an increase in gross railway revenue of only 2.8 per cent. Why was this? It was because much of the traffic, particularly in Ontario and Quebec, would have been diverted to other means of transportation had the rates been so increased. The rates were, therefore, held down to the competitive rates in those areas, but where the traffic would bear the increase, that is where the increase was placed and this was, of course, in those areas where a widely-flung trucking system does not exist and where there are no facilities for water travel such as exist in Ontario and Quebec. Incidentally this substantial increase of 16½ per cent was not mentioned by the hon. member for Laurier. With regard to this increase, his government simply said: there it is, let us put it through.

This measure which we are debating today is one which will provide us with immediate help. We are not being asked to wait for the length of time it would take to receive a report from a royal commission. This is something which will be of help right away, immediate assistance such as has been noticed in field after field of government endeavour.

The hon. member for Laurier made great play with the mountain differential and the fact that the one and a half rule as against the 50 per cent premium for transportation through the mountains was cut to one and a quarter and then to one. They recognize he said, that there was no real justice in this differential, and I suggest that that was about the only thing they ever did to help the province of British Columbia. This legislation is legislation tailored to help us in the west and to help our brothers in the maritimes in the most practical and common-sense fashion.

I think when the time comes for the proposed commission to investigate the entire freight rate structure, close attention should be given to the simplification of that structure, because it needs amendment and needs to be drawn in such a way that rates are truly equalized—so that when a manufacturer in British Columbia is shipping, say, to Brandon he will pay the same rate per ton per mile as a manufacturer in Montreal would have to pay. When such a situation as this comes about we shall, indeed, have equality of competition and we in the west will be able to share equally with the eastern manufacturers in access to Canadian markets.

I do not wish to take up the time of the house any longer, but I would say, in conclusion, that this is one of the most progressive steps as far as the west is concerned, and one of the best steps as far as British Columbia is concerned, that this government has taken to date, and I commend the Minister of Transport (Mr. Hees) for having

introduced this bill and suggest it should be made law as quickly as possible.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I hope the minister is listening to what is being said by those who are speaking in support of this bill. A few moments ago I thought he was showing a degree of discourtesy in not listening with bated breath to the fine speech that was being made.

The thing that concerns me in relation to this bill being sent to the committee on railways, canals and telegraph lines is this. What is going to happen in the committee? What information are we going to get with which to operate in terms of an explanation as to how this act is to work? I have just been looking at the bill again and clause 7 continues to confuse me. I think the minister has not given us a sufficiently lucid explanation of what is meant by that provision and perhaps he will do so later.

The hon. member for Fort William (Mr. Badanai) gave some specific instances of how our particular region in northwestern Ontario suffers with respect to inequalities as far as freight rates are concerned and I commend his remarks to the minister's attention. An hon. gentleman from the west coast who spoke earlier this afternoon remarked on the bridge territory on which there is a $7 million subsidy. There are some points I wish to reinforce and underscore in this regard. In many ways the bridge is the greatest weakness in the whole freight rate structure in Canada. Every argument put forward by the western provinces commences with a reference to the bridge and the fact that it is not economical because not enough traffic originates from the bridge.

One reason why the people in northwestern Ontario are sceptical about the vision, and you cannot blame them for it, is because they live in a part of the country in which they would like to see displayed much more evidence of vision so far as providing industry and revenue are concerned. In no area would this be more effective than in the field of railway development. If we could get more internal traffic development, especially on the Canadian National Railways, such as we have at Steep Rock and Manitouwadge, perhaps the basic problem of the railway structure will ultimately be cleared up.

When this bill is before the Committee I hope we will have some explanation of the bridge subsidy. It was set at $7 million, approximately seven years ago I believe. In view of the upward trends in cost that we have experienced why has not the bridge subsidy gone up? When the bill goes before the committee we should get an interrelated picture of all aspects of the freight rate situation. I remarked the other day that we members of parliament are amateurs, duds and boobs with respect to this field which is one of the most difficult to understand and appreciate. When the minister appears before that committee I suggest he have with him departmental experts and advisers from the board of transport commissioners. They should be there throughout the time the committee is sitting so they would be on call to guide us as we move through consideration of the bill. It is important that we understand this legislation even though it is an interim measure because after a year there will be the report of the royal commission to consider.

The bridge territory in which my constituency lies is one of the fundamental regions at which we must look. We have been told by experts that the highest freight rates in Canada obtain in the area. That is an important internal concern. As a national problem, if we do not get more traffic originating in the bridge area, the discrepancies and the problem of equalization will continue to exist and may exist for a long time.

These remarks lead us into a reference of the vision, of course. Northwestern Ontario is a vast area approximately 600 or 700 miles in breadth and depth. The whole area of the maritimes and part of British Columbia could be tucked into this portion of the country, it is that large. I would suggest to the Department of Northern Affairs and National Resources that it concentrate on a development policy for this area which would do a lot for the freight rate situation.

I hope the minister will give us a nice, slow, amiable run-down on where he stands in relation to the bill, that the bill will be sent to the committee and that the committee will do a good job.

Mr. Robert Simpson (Churchill): Mr. Speaker, I do not intend to take up too much time of the house on this subject because no doubt there are many other hon. members who wish to participate in the discussion. I do believe, however, it is my duty to bring to the attention of the house some facts about the situation in regard to freight rates as they apply in the northern part of Manitoba. It is my belief that the people in that area suffer very greatly under some of the highest freight rates that exist in this country.

I wish to refer briefly to an article which appeared in the November 11, 1958, issue of *The Rural Co-Operator* published by the Ontario Federation of Agriculture in Toronto.

In an article entitled, "Competition Myth Costs Money", the following appears:

> What Canada has, in effect, is a giant railway monopoly half owned by the public (C.N.R.) and half owned by private business (C.P.R.). We pay for the duplication of overhead but receive none of the advantages of competition.

Now, Mr. Speaker, in many areas of Canada that would be a ridiculous statement, as you no doubt realize that many areas benefit to a marked degree from competitive rates. If people in those areas were to compare the rates of which they may take advantage with those that exist in the area I represent they would see the situation in its true light.

We have only one railway in northern Manitoba and at many points no highway parallels this railway. The rates are high on most goods and materials that come into the area and of course the working man is the one who pays the shot.

There is one aspect of this problem which is difficult to understand. In places like Lynn Lake and other points along the Hudson bay line where there are no highways, families who wish to go out on an annual holiday are required to ship their automobiles to the nearest highway by rail. There is a loading charge for putting the automobile in the box car, a high transportation cost for bringing it out to the highway and an unloading charge and on the return trip the same charges are applicable. Those charges although high are probably justified but one thing that should be examined is this. When two families are bringing out their cars there is no reduction in price and both pay the rates applicable to the shipment of a single vehicle.

There are many other examples that could be cited of situations of this kind existing in the area of northern Manitoba. Additional freight rates apply on goods going north of The Pas on the Hudson bay line. I suppose this is also a result of lack of competition, but these things should be inquired into.

I might refer also to the situation which I believe points up the necessity of a very full investigation into this matter. I would like to refer to the Arthur D. Little Incorporated report, which was an economic survey of northern Manitoba. In this report, which has just recently been released, transportation is mentioned. The report says:

> Transportation is of considerable importance in pulp and paper operations, both for the supply of raw materials and for the delivery of finished products. For raw material supply, northern Manitoba offers facilities comparable with areas in which pulp and paper mills have been successfully established; for the delivery of finished products, however, it suffers from a serious competitive freight rate disadvantage.

The report goes on to deal with transportation to markets and it says:

Freight Rates

> Rates that have been quoted by the Canadian National Railways for newsprint from a point (Pit Siding) near the Kelsey power plant would have the effect of virtually excluding shipments to Canadian markets. Rates to United States destinations, however, are by no means unsatisfactory.

These remarks are made in relation to a survey which was made by Arthur D. Little Incorporated in respect to the possibilities of opening up a pulp and paper mill in this area where, I might say, an industry of this kind is very badly needed.

I should like to give a comparison of those rates further to bring out the point that a full investigation into this matter should be undertaken soon. The freight rates which were quoted to ship newsprint from this area were from Pit Siding to Saskatoon, a distance of 560 miles. The rate per ton quoted was $28.4. To Winnipeg, a distance of 724 miles, the comparative rate was $34 per ton. To Fort William, a distance of 1,157 miles, the rate per ton was $48.6.

I should like to give a further comparison to show why I think an investigation of our freight rate set up is very necessary. To ship the same newsprint from Pit Siding to Minneapolis, a distance of 1,141 miles, would cost $17.80 per ton; to ship it to Milwaukee, a distance of 1,456 miles, would cost $22 per ton; and to ship it to Chicago, a distance of 1,535 miles, the rate is $22 per ton. Apparently we are permitted to ship newsprint from Pit Siding to Chicago, a distance of 1,535 miles, for $22 a ton and yet to ship it within Canada to Fort William, 1,157 miles, almost 400 miles fewer than to Chicago, the rate is $48.6 a ton, more than double. I realize Mr. Speaker, that I am certainly by no means an authority on freight rates, especially rates of this nature. In fact, I have a very limited knowledge of them. No doubt in those comparisons of shipping within Canada and to the United States there is something which comes under our export regulations. However, I do think that since the northern areas are so badly in need of industry, these things should be investigated as quickly as possible.

I notice that the explanatory note of the bill we are discussing reads:

> The purpose of this bill is to provide for the revision of certain class and commodity freight rates and to compensate the companies to the extent of $20 million.

I sincerely hope that some of this $20 million will be used to lessen the burden on the people of those outlying areas who are paying tremendous freight rates at the present time.

Hon. George H. Hees (Minister of Transport): Mr. Speaker,—

The Acting Speaker (Mr. Rea): If the minister speaks now he will close the debate.

Mr. Hees: Mr. Speaker, I think it has been a good and constructive debate and I should like to answer a couple of questions which have been asked.

The hon. member for Laurier (Mr. Chevrier) asked whether this measure provided assistance to coal and coke. The board of transport commissioners advise me that the increases on coal and coke have been only about one-half of the general percentage increase of 17 per cent. Assistance to coal and coke is given in the form of subventions, and to show how those subventions have been increased, for instance, during the past two years, I will give the comparative figures for the years 1956 and 1958. In 1956 the average subvention paid per ton was $2.67. In the year 1958, the average subvention per ton was $3.15. This shows that there has been an increase of 48 cents per ton during those two years, or an increase of 18 per cent.

Subventions paid during the calendar year 1958, by regions were as follows: In the maritime regions, that is in the provinces of Nova Scotia and New Brunswick, the amount was $8,546,041. In the western region, that is the province of Alberta and the Crowsnest area of British Columbia, the amount was $667,000.

On March 17 last the Prime Minister announced in the house that the federal government would pay an additional $500,000 in the form of subsidies to maritime coal this year. The government also recently announced the payment of an additional 50 cents per ton on 100,000 tons of Alberta coal which was being shipped to Japan, and this additional subvention was paid to make possible the sale of that quantity of coal.

The hon. member for Port Arthur (Mr. Fisher) asked when the committee on railways, canals and telegraph lines would meet next week. I might tell hon. members the chairman advises me it is planned to have the committee meet at 9.30 a.m. next Tuesday. There will be present members of the board of transport commissioners who will be there to answer all questions that will be put to them by those who are in attendance. No attempt will be made to brush off questions or to hurry up proceedings. There will be ample time for anybody who is a member of that committee to ask all the questions he wishes and I feel sure hon. members will receive the answers they are looking for.

Mr. Chevrier: May I ask one question? The minister shook his head in answer to a question which I asked earlier with reference to those increases under the board orders which were not as high as 17 per cent. Does that mean that the subsidy will not apply to those increases?

Mr. Hees: Yes, Mr. Speaker, that is correct. It is our intention to use the $20 million in what we considered would be the most effective way, that is, to give the most effective relief to those who need it the most. So we adopted the plan, as I said earlier, of applying the $20 million only to the horizontal, non-competitive, class and commodity rate increase of 17 per cent.

Mr. Chevrier: May I ask another question? Did the minister receive any demand for representations from western Canada to the effect that Tuesday would perhaps be too early for them to come here to make representations?

Mr. Hees: No, I have received no such representations.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

SUPPLY

The house in committee of supply, Mr. Rea in the chair.

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $747,531.

(Translation):

Mr. Dorion: Mr. Chairman, when we adjourned the other day, I was endorsing some remarks made by the hon. member for Charlevoix (Mr. Asselin) about the difficulties and the plight of small producers of pulpwood in eastern Canada. To the suggestions he made may I add another one which, if carried out, might provide these people with some measure of relief, and help them contend with the arrogance and brutal selfishness of corporations that refuse to buy their products and forget that the natural resources of this country must be developed not only to allow companies to pile up profits and pay out dividends, but also, and mainly, to ensure the welfare of all classes of citizens.

We have, in Quebec, an embargo making it mandatory for anyone to process our wood within the limits of the province when that wood has been cut on crown property or on lots under lease. However, there is nothing to prevent a man who cuts wood on his own lot to market and export his wood. Since those corporations obstinately persist in their ways, would it not be possible to seek markets elsewhere?

It would therefore be necessary that Canadian farmers be made aware of potential markets. Would it not be possible for the Minister of Agriculture (Mr. Harkness) and the Minister of Trade and Commerce (Mr. Churchill) to get together and have trade and commerce officials investigate this matter and supply our farmers, through their unions, like the C.F.U., for instance, with all the information they could find on such marketing facilities. Action along those lines would only be fair and would teach those corporations that general welfare should take precedence over their own petty and individual interests. This might be another instance where fear would be the beginning of wisdom.

The dairy industry, Mr. Chairman, seems to be on the verge of a depression which should be avoided at all costs. Everybody realizes the importance of that industry in the eastern provinces, especially in Ontario and Quebec. A few statistics will illustrate its extent.

That industry, comprising the production, processing and sale of fluid milk and its products, is one of the mainstays of this country.

The fact is that in 1955, the sale of milk brought our farmers a revenue of $1,438 million, and the value of milk consumed on the farm was valued at $62 million. Quebec ranked first with 35 per cent of our total dairy production, while Ontario was second with 32 per cent.

In 1957, milk production in the province of Quebec accounted for 37.8 per cent of the total farm production and the sale of its milk products was $215 million, distributed as follows:

Butter	$71,490,000
Cheese	$10,085,000
Fresh cream	$86,349,000
Other products, including ice cream and milk	$47,530,000

In the provincial constituency of Bellechasse, in particular, considering its population, milk production is uncommonly remarkable. In 1957, we had, in fact, 11 butter factories and two cheese factories, one of which, in La Durantaye, also produces milk powder.

Those factories were supplied by 2,075 producers having a total of 21,400 cows, while the number of owner farmers was 2,200. Butter production rose to 2,993,599 pounds with an estimated value of $1,763,559. Cheese production, amounting to 443,856 pounds represented a value of $154,902. The value of other products, such as milk powder, fresh cream and fresh milk, amounted to $116,349.

In other words, it can be said that in 1957 Bellechasse producers received for their dairy production, a total of $1,733,885 apart from what they got from St. Henri, Lower Berthier, St. François and St. Luc parishes, for which I have no figures.

Furthermore, about a hundred producers supply milk to Quebec city. Their daily deliveries total about 40,000 pounds of milk, sold for consumption as such at $4.78 a hundred pounds, which represents an annual value of about one million dollars. Those figures show the importance of that industry in the country's economy, especially in Ontario and Quebec, more especially in the constituency I have the honour to represent.

Now, that industry is at present labouring under serious difficulties. While our production far exceeds domestic requirements, there is a steady decline in our exports.

Dealing with this problem at the opening of the federal-provincial conference on agriculture, on November 12 last, the hon. Minister of Agriculture pointed out, in particular, that the United Kingdom, the largest importing country, had substantially increased its dairy production from 1955 to 1957. Butter production, he noted, had increased from 53 million to 101 million pounds; cheese production, from 141 million to 256 million pounds, and skim milk powder production, from 50 million to 85 million pounds.

The other day, the hon. Minister of Agriculture stated in the house that, on January 31, 1959, the Price Stabilization Board had on hand, among others, the following products:

Butter	69,682,444	pounds
Cheese	1,205,883	"
Skim milk powder	65,126,608	"

Last year's figures, for that date are not available, but it can be stated that there is, at the moment, a substantial increase. Obviously, large quantities of those products will find their way into the domestic market during periods of production letup, but there is danger of a surplus, that the government will have to deal with.

The international market has undeniably become difficult as an outlet for our dairy products. The hon. Minister of Agriculture pointed this out only recently, on March 3, before the Ontario Concentrated Milk Producers' Association; while in the last quarter of 1958, we were selling butter at 63 cents a pound, the United States were offering it at 59 cents, Denmark at 36 cents and New Zealand at 31 cents.

As far as cheese is concerned, our exports to England which, about 15 years ago, had gone up to 253 million pounds, have steadily declined since, although on the other hand their quality has consistently improved.

In this field, however, the increase in dried skim milk production still raises the greatest problem. Born out of a need existing at the time, that is eight or ten years ago, this product met with considerable success. Many plants were built, and large investments were made, unfortunately without due account being taken of the law of supply and demand. Milk producers reaped sizeable profits, because for every 100 pounds of milk used for the production of butter, they receive 50 cents for the skim milk. But at the same time, part of their production was diverted towards an industry with far from assured markets.

In 1957, without considering market conditions, the Liberal government stepped in and set a support price of 17 cents, without such support having even been requested by leading farm organizations, at least in Quebec.

The net result is that not only has production reached tremendous proportions, but due to the price factor, we are gradually losing out on the world markets. We are now faced with frightful overproduction and with ever-increasing inventories, even though last year, the support price was lowered to 15 cents. What it will be this year, I cannot say. In my view, however, the support should not be removed completely unless an alternate policy is provided without delay. Such a policy should be aimed at helping the producers themselves, and should enable them to seek and to find new markets. That, incidentally, was the position clearly taken three weeks ago by farm delegations from Quebec and Ontario. While, in the field of manufacturing, there always remains the possibility of closing down plants, there can obviously be no question of stopping production in a dairy herd.

It must be remembered that you cannot change the course of agricultural production at will. Though it has been possible in some cases, through the use of price supports, to direct the course of Canada's agricultural production towards goals of doubtful wisdom —and this is possibly what happened in the case of powdered milk—and to get a quick response from the producers, we must now proceed carefully and gradually in bringing about the changes that are needed. You cannot, overnight, substitute one type of agricultural production for another type, and such a substitution is even slower and more difficult when it has to be done by farmers of limited means.

In my view, the government should, under present circumstances, concern itself mainly with seeking means of insuring the disposal of our unsold milk products, particularly powdered milk, in view of the present overproduction. I am no expert in this field, far from it, but I have collected a number of suggestions from authorized persons, and I submit them for the minister to consider and to ponder.

In the first place, would it not be possible to include a larger proportion of dried milk in the composition of animal feeds? It has been established that available supplies of soybeans and fish meal used for such purposes are clearly inadequate. Well, since we have an excess of milk powder, would it not be better to market it in this way? Of course, it would not be a profitable market in terms of revenue but it would be better than unproductive stockpiling and, at the same time, it would help another section of our farm population.

Larger grants of milk powder to underdeveloped countries would be another relatively convenient outlet. I understand that for this purpose we would have to reduce the size of the containers now being used, because of the practically complete absence of refrigeration facilities in those countries. Since again this year we will be called upon to vote considerable financial assistance to those countries, there is no reason why we should not supply them with a larger share than usual in this particular form.

In a speech he made last November, and to which I referred earlier, the Minister of Agriculture pointed out how much the competition of margarine had increased the difficulties of the dairy products markets all over the world.

"In recent years, he said, margarine consumption has equalled or exceeded that of butter in the United Kingdom, in the United States and in Western Germany".

Since the end of World War I up to 1951, the production and sale of margarine were prohibited in Canada. In 1951, the Privy Council, confirming a Supreme Court decision, stated that, if, on the one hand, the international trade of this product has been a responsibility of the federal government, on the other hand, the production, possession and

marketing of margarine were a provincial responsibility. Following that judgment, the province of Quebec, alone, exercising its rights, passed legislation and adopted a policy of total prohibition. But since the other provinces failed to adopt the same policy, in 1958 alone, production of both edible and inedible margarine increased to the fantastic figure of 145,598,000 pounds, to the serious detriment of our milk products business.

I know that at the present time experiments are going on in order that rapeseed might eventually be used in the making of this product. But so far vegetable oils used in it come mainly from abroad. Would it not be advisable to curb their import through higher tariffs?

In 1955, Professor Patrick Allen, of the documentation centre of the School of Higher Commercial Studies of Montreal, dealing with this butter-margarine problem, in a particularly thorough study, disproved the arguments put forward to justify the competition arising from these two products. You are following a dangerous course, he said, when under the pretext of safeguarding the consumer's "democratic" freedom or because it is cheaper, you advocate free consumption of margarine. Such an argument could be put forward in favour of all foreign products and would justify the repeal of all enactments designed to protect our Canadian industries. But then what would become of security in employment and of the standard of living of our industrial workers? Since those are factors which must be taken into account in our foreign trade, why should they be discarded with regard to butter producers for whom, however, it is appropriate to provide adequate income which would not only bear a comparison with the earnings of city workers but would at least be on a par with the earnings of industrialists whose capital investment is equivalent?

Another way of marketing our dairy products would be to promote the production and sale of cheese.

I mentioned earlier the particularly high level our cheese exports had reached in the past. Our cheddar cheese had come to enjoy a particularly remarkable reputation.

In my opinion, there is no oversupply of cheese. There would be no danger in increasing our production of cheese by 15 million pounds and in diverting to that effect 15 million pounds of skim milk which is today processed into powdered milk. Doctors say that cheese made from skim milk is as rich in proteins as cheese made from whole milk, and is often recommended by modern dietitians.

In view of that, it would be advisable to promote increased domestic consumption by means of proper advertising. Cheese consumption is remarkably low in Canada. While the annual per capita consumption in some European countries is as high as 30 pounds per year, here in Canada it is only about 5 or 6 pounds. Yet, besides cheddar, we manufacture other cheeses of very high quality, of which I shall name only two: those made by the Reverend Trappist Fathers at Oka, and the cheese manufactured by the Reverend Benedictine Fathers of St. Benoît du Lac, to mention only Quebec products. Unfortunately, the number of our domestic varieties is too limited, which leads us to buy foreign brands.

The officials of our Department of Agriculture would do well, I think, to study our facilities for the production, sale and consumption of that important dairy product. Canadian producers spend $350,000 a year on advertising alone. Should we not help them? The federal consumers' service has already done excellent publicity to increase domestic consumption of powdered milk. Henceforth that service might show more interest in cheese and promote its sale through plenty of good publicity throughout this country.

And as a final suggestion: could we not introduce a general policy of milk distribution in our schools? In some urban centres, the practice has been established without any government assistance and is giving excellent results. The federal government, together with the provinces, school boards and parents, should, I believe, try to generalize that practice. It has been estimated that it means a daily consumption of 7 ounces i.e. two fifths of a pound of milk, per pupil, which would help raise domestic consumption by about $20 million a year. In other words, this plan would absorb practically all the surpluses on markets supplied by fresh milk producers. I need not of course refer to the priceless benefits it would mean for the health and welfare of whole generations of school children.

Those are, Mr. Chairman, some of the means which could be considered and implemented to sell our dairy products' surpluses, which are now going through a crisis of an obviously temporary nature. In its brief submitted to us the other day, the Ontario Producers' Association pointed out the following:

> The amounts spent on agricultural support prices are a mere pittance compared to the billion dollars Canadians pay annually for tariff price supports. People who live in price supported glass houses should be the last to throw stones.

We do not hesitate—and rightly so—to increasingly support other sectors of agricultural production. For the same reasons, and still rightly so, we must maintain the policy providing for the support of the dairy industry, which now provides the livelihood of thousands and thousands of our fellow-citizens who are either isolated or grouped in modest co-operative associations, in the less favoured areas, as far as marketing is concerned, and consequently who are less able to defend themeslves.

Farmers are not asking for subsidies which would more or less lead to routine and inefficiency. In fact, the Catholic Farmers' Union, in its latest brief to the Quebec government, asked the latter not to issue any more permits for the building of new powdered milk plants. They are therefore prepared, if need be, to diversify their dairy production. But then, they need time. They also need advice, help and encouragement.

That crisis which is threatening our dairy products, as I said, is, in any case, of a temporary nature. In fact, according to the Gordon report, it is expected that, taking as a basis the annual average given by the figures for 1951 to 1955, domestic consumption will have increased by 29 per cent in 1965 and 68 per cent in 1980. Account must also be taken of developments which, at any time, may come about in Europe or elsewhere in the world, the possibility of which suggested to the right hon. Prime Minister that brilliant idea of a world food bank.

There is a last consideration which I should like to outline in closing my remarks.

Agriculture, in our country, is not merely an economic activity; it is, above all, a way of life, characterized by the close union existing between family and profession. It is the only profession in which all members of that social cell, which is the family, are interested in the work of the father, who is, at the same time, the head of the undertaking in which the community contributes to the welfare of everyone, to his education, his progress, his establishment in life and to the raising of his standard of living.

With agriculture, we have a whole sector of our population, composed of independent owners who, precisely because they own their enterprise, will naturally resist totalitarian tendencies of our contemporary world, and thereby contribute more than any other group to the social stability and the maintenance of those institutions which make for the strength and greatness of our country. That is why agriculture must remain a foremost consideration in our minds. That is why legislators must work unceasingly to maintain intact its economy, structure and means of survival.

[Mr. Dorion.]

Mr. Deschatelets: Mr. Chairman, following the hon. member for Bellechasse (Mr. Dorion), I wish to take this opportunity, while the house is considering the estimates of the Department of Agriculture, to make a few general comments on the agricultural situation now prevailing in Canada, and then deal briefly with the matter of agricultural research.

May I begin my remarks by calling attention to an idea put forth by the hon. member for Bellechasse at the beginning of his speech, when as reported on page 1949 of *Hansard*, he made the following statement:

> The other day, following a question I had directed to the Minister of Justice (Mr. Fulton), we learned that 17 of these companies have been prosecuted for infringement of the Combines Investigation Act while shamefully, deliberately and systematically exploiting—I have to use this word—the isolated small producers in our rural areas. Those punitive measures will not of course settle the problem. However, in taking this action according to law and within its constitutional responsibilities, the present government has shown a fairness and a sense of justice which deserve commendation.

Mr. Chairman, we all know of the sense of fairness of the hon. member for Bellechasse, and I think he will not be offended if I complete his thought and state that the investigation that formed he basis of the proceedings against those firms had been called for as early as January 1955 by the hon. member for Gatineau (Mr. Leduc). The investigation had been authorized by the Liberal government at the time, and the report was published on April 29, 1958. I know the hon. member for Bellechasse will want to thank me for making this correction, so as to render unto Caesar what belongs to Caesar. While I am on the subject, I must say that my hon. colleague from Gatineau has, in the past few years, made himself a champion of the small pulpwood producers. In fact, he spoke in their favour several times in the House. I should like at this stage to quote from a speech he made on May 22, 1958, as reported on page 389 of *Hansard*:

> The main responsibility for having tolerated the exploitation of settlers and farmers by a number of lumbering companies for many years rests with the government of the province of Quebec, but I realize that the Union Nationale electoral fund took advantage of that, and as Mr. Duplessis said: "In Quebec, you do not win elections with prayers only". I had proof of that in the last election.

Now, Mr. Speaker, that the record has been set straight—

Mr. Pigeon: Mr. Chairman, I rise on a question of privilege. I ask the hon. member whether he can prove his statement.

Mr. Deschatelets: If the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) had carefully listened to my remarks, he would have realized that I was reading part of a speech that the hon. member for Gatineau has already made on this matter of pulpwood. And if the hon. member wants more information on the matter, he can apply to the hon. member for Gatineau who has a thorough knowledge of the problem.

I would now like to make a few remarks about the way in which the prairie farmers' delegation, which came to Ottawa on March 10 last, was received. I will not refer to deficiency payments, although I might say, in this regard that so large and representative a delegation certainly deserved a less arrogant answer and a more sympathetic reception than the brush-off they received from the government. In my opinion, the delegation showed, in its human, true and honest statement, the exact living conditions of people on the prairies today. Never had the government been given a more authentic description of the depressed conditions, the worries and difficulties which exist today in the prairie provinces.

Those facts which the western farmers have stated were never contradicted nor refuted, because they are exact. It is the responsibility of this government to solve the difficulties that western producers are now facing. In the light of that situation, we cannot fail to notice the reversal of things, the change of the situation, that has happened in two years. After two years of administration, during which confusion has been added to incohesion, the situation has kept deteriorating and the government has now come to the pathetic result where farmers representing a whole area of this country had to come to Ottawa to state the difficulties and hardships they were suffering because of the present government's lack of foresight.

And no doubt the majority of the delegates had voted for the present government. What a disillusion! What a let down! They now face the future with anxiety.

In his speech made in the early stages of discussion with regard to these estimates, the Minister of Agriculture as can be seen on page 1681 of the official record, made the following statement:

From some points of view, 1958 was the best year agriculture has ever had.

I therefore thought we might refer to some evidence to see who was right. The Minister of Agriculture maintains that, from some points of view, the situation of agriculture in this country is better than it has ever been. Considering the facts brought before us—

(Text):

Mr. Harkness: On a question of privilege, I know the hon. member does not wish to misrepresent what I said. If he will look in *Hansard* he will see that I said 1958 was the best year agriculture had since 1953, not the best year we have ever had.

(Translation):

Mr. Deschatelets: Mr. Chairman, this does not change anything that I have said. I of course accept the honourable minister's explanation. Without referring to the official record, I must accept his word. He says that, in some respects, ever since 1953, this has been the best year in so far as agriculture is concerned. However, I do question the minister's opinion, precisely because it is only an opinion; I question the opinion expressed by the minister in his speech, and I shall try to prove, with the help of witnesses, that his opinion is not in agreement with the facts. This is not surprising in the least since the minister's opinion comes from his ivory tower. So I am going to appeal to the testimony of the farmers themselves, who have to put up with present conditions. Mr. Chairman, I think the time has come to call for my first witness. I draw his testimony from statements made to the prime minister and to members of the cabinet by a visiting delegation of prairie farmers.

The first witness I shall call upon to prove conditions now prevailing in the prairies is the Reverend George Walliser, from Dilke, Saskatchewan. Here is a man who is in daily contact with the people of the prairies, and here is what he has to say in regard to the present situation.

(Text):

We are also alarmed by the general feeling of discouragement that is creeping over the people who are still left on the farm. Many young people have no hope of ever taking up farming. They have no choice but to leave home at an early age and crowd into the cities, adding to the problem of unemployment, and the consequent moral evils.

This general discouragement of the people, this lack of hope in the future, this confusion about the present, is creating in our people a spiritual unrest that hinders the effectiveness of their work for church and country.

(Translation):

I now come to my second witness, Mrs. Beatrice Trew, of Lemsford, Saskatchewan. Here is what she had to say about the present situation in the prairie provinces.

(Text):

Conditions in far too many farm homes are not conducive to healthful living nor even to what might be termed an adequate standard. We love farming and life in the country but we do not believe we should have to live in substandard homes nor should our children's health be endangered by crowded quarters, inadequately heated and lighted as many are.

(Translation):

My third witness is Mr. Gordon Wilkinson, of Regina, Saskatchewan.

(Text):

Those of us who live in the western part of Canada know from first hand experience that many of Canada's 700,000 farmers are on the brink of ruin unless their buying ability is brought up to a higher level.

We recognize that the two most important economic problems in Canada today are,

(1) Depressed farm prices and high operating costs,

(2) Unemployment and low urban buying power.

It must be recognized that any depreciation of buying power on the part of any segment of the population of Canada has a detrimental effect on the other segments. Low rural farm purchasing ability means lack of production in urban industries.

(Translation):

My fourth witness is Mr. Chas. W. Gibbings, of Rosetown, Saskatchewan, vice president of the Saskatchewan wheat pool.

(Text):

The economy of Canada is more vulnerable to farm income fluctuations than ever before. The present unemployment situation is undoubtedly partially a reflection of the declining farm purchasing power. When a farmer buys a tractor he puts people to work in the mines, the smelters, the steel plants, the rubber factories, the transportation industry, as well as those in the factories where the tractor and its components are made. Conversely, he puts them out of work when he fails to buy.

(Translation):

Here is another witness, Mr. Martin Arndt, of Springside, Saskatchewan.

(Text):

If the cost price squeeze is allowed to continue, it will bring about first, the loss of the family farm, and with it, small business and community life.

(Translation):

I have a further witness, Mr. J. W. Clarke, of Kindersley, Saskatchewan, who said:

(Text):

Mr. Chairman there is no doubt in my mind that the grain farmers position is exceedingly grave. The large grain producer, as well as the small farmer, is facing disaster. The only difference seems to be the rate at which they approach it. It is evident that if society wishes to retain the family farm as a unit of production it must act soon.

(Translation):

Still another witness, Mr. Rudy Usick, from Erickson, Manitoba, said this:

(Text):

Unless action is forthcoming soon to increase grain prices, livestock surpluses will increase with correspondingly lower prices.

This would mean that a national agricultural crisis woud result out of a temporary crisis in prairie agriculture.

(Translation):

Another witness, Mr. Alex McCalla, of Bremner, Alberta, made the following statement:

(Text):

Young people in agriculture who are either establishing or continuing a farming enterprise, are confronted with low income, instability and lack of security.

(Translation):

Mr. Chairman, I might quote further evidence from people who today are living on the prairies but obviously not in an ivory tower, like the Minister of Agriculture.

Therefore, when comparing the views of the Minister of Agriculture and the situation actually prevailing in the prairies, we rather tend to accept the specific and true statements of people who live there now and who tell us that the position of farmers has never been so difficult as now.

In fact, much more could be said, because if we could call upon the testimony of farmers from central and eastern Canada, they would voice the same complaints and raise the same grievances. Western farmers, like those of central and eastern Canada, are now caught in a squeeze. They are caught in the cost-price squeeze, on the one hand, and on the other hand, they are caught in the downward trend of commodity prices.

Mr. Chairman, I wonder why such a state of affairs exists. Why has there been such a considerable deterioration during the past two years at a time when my hon. friends have been managing the affairs of this country? The answer is a very simple one—

Mr. Grafftey: That is not true.

Mr. Deschatelets: Mr. Chairman, the answer is very simple, and I shall give it right now. If my hon. friend who just made an interjection wants to, he may try to refute it when I have finished my remarks.

That state of affairs and that deterioration happened because the present government never had and is still without a real farm policy. If we look closely into what has been done for our farming industry in the

past two years by the present government, we shall find that there has been a policy of mere expediency and that no preconceived plan embracing every aspect of agricultural life has ever been submitted to this house to meet our present needs of a permanent character. To my mind, as long as we have no farm policy of a permanent nature corresponding to these needs, there will be no hope of increasing our farm production per lot or per acre or of seeing a rise in farm income. My hon. friend, who is so fond of interrupting, will perhaps ask us if we had an agricultural policy when we were running this country. I will answer him at once.

When the Liberal party came into power in 1935—and at this stage, it is needless to emphasize the situation which prevailed at that time, because everybody knows the terrible state of affairs which existed, not only in the prairies, but on farms all over central and eastern Canada—the government, headed by the Liberal party of 1935, was then faced with an unprecedented challenge. The government, at the time, developed an agricultural policy. Western farmers, as well as those of other parts of Canada, had to be provided with better production facilities. The problem was then one of production.

At this stage of my remarks, Mr. Chairman, I must say in all frankness that, in my opinion, there should never be a debate on agriculture in this house without the name of the former minister of agriculture, Mr. Gardiner, being mentioned.

Mr. Chairman, when the Liberal party was swept out of office in 1957, western farmers were in the situation that had been planned for them, that is to say they were the greatest wheat producers in the world. In fact, from 1935 to 1957, we provided them with production facilities comparable to those of any other country in the world. That was the result of a well-planned agricultural policy, which we had put forward in 1935.

Mr. Chairman, I want to be fair. I do not say that this government has failed to do anything, but I do say that what has been done for agriculture, these last two years, was done only according to a bits and bobs policy. I repeat what I said earlier, that this government has never submitted to the house an overall preconceived plan that would meet the needs of Canadian farmers.

And now, Mr. Chairman, may I say a few words about agricultural research. A study of the main estimates shows that votes numbers 5, 6 and 7 call for an estimate of a little over $2.5 million, due to the new direction given to our research services. In that connection, I must say that last year, at the time of the discussion of the estimates of the Department of Agriculture, I dealt with this matter of research and here is what I said, on July 31, 1958, at page 2933 of *Hansard:*

(Text):

I wish to bring to the attention of the Minister of Agriculture (Mr. Harkness) a very important point. I feel that if we are to improve the efficiency of agriculture in this country, in the west as well as in the eastern and central parts of this country, we should at once adjust our research procedure. Let us set up a new co-ordination of existing services and give a new, bold and forward looking impulse to these research services, so as to develop ways to increase the income of the farmer who is now caught in the cost-price squeeze.

(Translation):

This year, Mr. Chairman, I find that a step has been made in the right direction with regard to reorganizing research, which is so important for agriculture. I have read several studies made by experts in this field, and they claim that the reason why Canadian industry has made such great strides in the last 15 or 20 years is that it was based on industrial research. If a small fraction of the money being spent by the government or by private Canadians on industrial research were devoted to agricultural research, I feel we could meet a number of the needs now existing in the field of agriculture.

In other words, I think we should try to pattern our agricultural research on what has been done in industry.

Mr. Chairman, I stated last year, and I repeat, that in the field of research, we are lagging behind many small countries in northern Europe. We are obviously lagging behind our powerful neighbours who, I understand, spent slightly over $50 million in 1957 —I am referring here to the American government—and such an amount was considered by observers as definitely small and inadequate to meet the needs of research.

Mr. Chairman, as far as we Canadians are concerned, we have many problems to face in the agricultural field, including the disposal of farm surpluses. In my view, by building up our research agencies and giving our experts more scope than they now enjoy, we could hope some day, from an industrial point of view, to find markets for certain products, for certain goods that we produce in much larger quantities than we can consume.

Mr. Chairman, I hope this is only a beginning, and that the amount we shall be vot-

ing this year—which is larger than the amount provided in other years—for the purpose of reorganizing research services, will be but a first step. May we at long last give those services an entirely new and bold direction, in order that our experts may work under conditions enabling them to produce better results.

Last year, when we discussed his departmental estimates, I made a few suggestions to the hon. Minister of Agriculture and I think I should repeat them this year.

I believe that we should allow our best experts to visit the countries where research is much more advanced than in Canada, that we should send them there to study for periods of six months, or one or two years, if necessary. We could, in this way—

Mr. Chairman: I am sorry to interrupt the hon. member but his time is up.

(Text):

Mr. Peters: I had expected that probably some of the western members would wish to speak on this item and I would be interested in hearing what they had to say, particularly since the Easter recess permitted a great number of the western members to return to their constituencies and to talk to the people who supported the great number of people who came to Ottawa in the delegation. I am not sure what the members told their constituents when they went home, but I understand there is to be another delegation come to Ottawa, a follow-up delegation, to receive the answer which they expect will be the final answer from the government. That delegation, I understand, will be coming somewhere around the 25th of this month. I had hoped that this was an indication that the members from the west had given some consideration to the impetus which caused the delegation to come to Ottawa in the first place and that they might now have a change of heart and might agree with some of the people who came in that delegation and some of the conclusions which it reached. However, this may not be the case, or it may be that the members from the west are not saying anything at all because they do not want to embarrass the minister who had already made up his mind before the delegation came to Ottawa.

I was very impressed with the delegation itself and with the brief that it presented to the government.

Mr. Grafftey: I can tell you that the delegation was not impressed with the C.C.F.

Mr. Argue: Oh!

[Mr. Deschatelets.]

Mr. Peters: Frankly, Mr. Chairman, I wonder how a member from the province of Quebec, and particularly from an urban riding in Montreal, would know what the delegation felt about the C.C.F.

Mr. Grafftey: I am from a rural riding in the eastern townships.

Mr. Peters: I wonder how the hon. member would know anything about the situation as it affects any one political party.

The Chairman: Order. It would be appreciated if the committee would permit the hon. member to continue his remarks.

Mr. Peters: Mr. Chairman, this is just another country heard from. My remarks might also apply to a rural riding as it does to an urban riding.

We have some indication from some of the meetings that have been held that there has been unanimous support for the position that the C.C.F. took in regard to the brief presented by the delegation, and I am quite sure there will be an opportunity for us to see some of the results and whether we were right or some of the other parties were right in our analysis of the needs of the western farmers.

I think the follow-up delegation could produce more favourable results if the members who visited a number of their constituents when they were home ascertained whether the mass delegation that came down here, supported and financed by a very large percentage of their constituents, was speaking for those constituents. If this delegation was not speaking for those constituents, then I think 1,000 people certainly put a lot over the people who sent them here. If they did not do this, then there are quite a number of members from western Canada who are trying to put a lot over the western people.

An hon. Member: Nonsense.

Mr. Peters: It may be nonsense but it has to be one way or the other. Either the delegation was right in representing the farmers of the west or the western members are right. They both cannot be right, because they do not represent the same things. One of the sides must be right, not both. When I sit down I shall be very happy to have some of the western members rise in their places and tell us which side they now think is right.

I was interested in the remarks made by the previous speaker. He indicated—and I presume he spoke for his party—that they were interested in supporting the idea of deficiency payments as presented by the delegation.

Mr. Henderson: He comes from the city of Montreal.

Mr. Peters: Frankly, I do not care where he comes from. He is a member of this house and he has decided he is going to support deficiency payments. I suggest that this might also—

Mr. Grafftey: Did he say that?

Mr. Peters: —be adopted by his political party. This is much more than the western members are doing because they are not supporting deficiency payments or the minister would be introducing a bill very shortly. I am quite sure that if he intended to he would indicate to the house that he was going to do so. I hope, as I say, that this was an indication of the view of his party. It will mean that the opposition is united in supporting such a measure at this time. A number of documents were introduced when the brief was presented by the delegation and they interested me a great deal because they were from people representative of specific groups.

A great deal has been made by such rags as the *Rural Scene* and others of the fact that there were more signatures on the petition than there were farmers in the particular provinces. I think this is a good thing. In my opinion it indicates that not only the farmers were concerned but also a number of other people.

He read from some of the supplementary briefs accompanying the main brief and it is interesting to look at some of them. One is from a clergyman and he did not speak only for himself. He represented a number of people. He points out how falling farm prices and a lower standard of farm income in western Canada are having an effect on all the people of Canada, not just the grain producers. He says in part:

> We are also alarmed by the general feeling of discouragement that is creeping over the people who are still left on the farm. Many young people have no hope of ever taking up farming.

Mr. Grafftey: It is the same letter.

Mr. Peters: It is not a letter. If the hon. member would listen he would know that I am referring to supplementary briefs from people not directly concerned with deficiency payments as they are not affected by them. It is of no concern whether or not this has been read before. I am interested in this particular paragraph and I continue:

> They have no choice but to leave home at an early age and crowd into the cities, adding to the problem of unemployment and the consequent moral evils.

The clergy were concerned and presented a brief. Housewives were also represented and presented a brief.

An hon. Member: Read that one too.

Mr. Peters: Pardon?

Mr. Habel: He does not know what he is saying.

Mr. Peters: I am quite concerned with the fact that a good number of members do not seem to understand what it is all about. As they represent ridings that are concerned about deficiency payments, I think it is about time they got hold of some of these briefs and read them if they do not have the sense to listen. I was interested enough that I asked for a copy of these briefs and the delegation supplied me with them. If the hon. member did not get one I am quite sure he can get one from some of his friends if he will ask them or he can have mine if he wishes. The housewives were very concerned, as they should be, and they have specific problems that are not necessarily those of the farmers themselves. Labour was concerned. Mr. Gordon Wilkinson of the Canadian Labour Congress endorsed the main brief.

An hon. Member: I wonder why.

Mr. Peters: You wonder why. I will read you why he says he endorses it.

An hon. Member: How is the new party coming?

Mr. Peters: I suggest, Mr. Chairman, that some of these backward representatives from western Canada are doing more for the new party than some of the rest of us can possibly do.

Mr. Drysdale: We heard it all at the meeting. Did you attend?

Mr. Peters: Mr. Chairman, this seems to be the only time that some of these members ever say anything.

An hon. Member: We heard it the first time.

Mr. Peters: For the benefit of those who did not read this brief I quote:

> We recognize that the two most important economic problems in Canada today are (1) depressed farm prices and high operating costs; (2) unemployment and low urban buying power.
>
> It must be recognized that any depreciation of buying power on the part of any segment of the population of Canada has detrimental effect on the other segments. Low rural farm purchasing ability means lack of production in urban industries.

Later he goes on to say:

> Labour in Canada, representing the purchasing power of three million individuals by its one million members, believes the farm delegation has a good case and urge your government to give favourable consideration to their brief as quickly as possible.

He was not interested because he was going to get deficiency payments.

An hon. Member: That is where most of the money would end up.

Mr. Peters: The reason he was interested was that if the farmers receive a fair and reasonable net income they will be able to buy the things that the workers in the factories produce. He was interested in such things as the mechanization of agriculture and he added his brief to the other supplementary briefs. Then there was a brief from a merchant. Possibly some members do not understand why a merchant would be interested in the problems of the farmers. In his brief there is this passage:

The farmer makes up 12 per cent of the total population of Canada but at the present time receives only six per cent of the national income. Under these circumstances we cannot maintain the family farm or small business.

He is interested in the matter from his point of view and he wants the farmer to have a fair and reasonable income so that he can sell to the farmer the things he has in his store. This should be elementary enough even for western members to understand. There are a number of other briefs representing other points of view. According to the government, diversification is the cure-all but one of these briefs points out that diversification has been tried in some areas and refers to the difficulties that have arisen not only in relation to wheat production but with respect to the diversified industry. He points out that if a farmer goes out of grain production in western Canada he probably goes into beef production and that brings about a lowering in the standard of farm income across the country because a surplus is created of that product. May I call it six o'clock?

Mr. Grafftey: You sure can.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Donald M. Fleming (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, ten months have passed since I presented my first budget to this twenty-fourth parliament of Canada. Tonight it is my privilege to present the Canadian budget for the year 1959. I am deeply conscious of the honour and responsibility which once again fall to my lot.

[Mr. Peters.]

(Translation):

Mr. Speaker, the task of preparing the budget this year has indeed been a challenge. The concurrent existence of higher than normal unemployment and a disturbing inflationary potential have puzzled and confused economic observers not only in Canada but in many other countries. It has been necessary to analyse, weigh and assess the strength and drive of these opposing forces and to endeavour to prescribe courses of fiscal policy which will assist Canada to steer a wise course through them.

In the past year, public attention has been focused to an unusual degree on economic and financial issues. In the house, in the press and in public discussion, questions of inflation and unemployment, fiscal and monetary policy, recovery and the public and private functions in promoting sustained growth have been keenly debated. This is all to the good, for the functioning of our system of government depends upon an informed public opinion.

1958 ECONOMIC CONDITIONS

A year ago we were faced with the carry-over of the effects of a slowing down in economic activity. The two major factors in the recession which began early in 1957 were the decline in business capital investment and the liquidation of inventories, which resulted in serious unemployment. There is still considerable unemployment, but looking back over the past year it is clear that we are now in a period of economic recovery, a period in which the forces of economic growth and expansion have reasserted themselves. In the fourth quarter of 1958 the volume of production rose by two per cent above the preceding quarter and was two per cent above the level of the year as a whole. Taking account of normal seasonal influences there was a marked improvement in the trend of employment and earnings, in the volume of retail sales, in the level of corporate profits, and in the accumulation of inventories.

The budget white paper, tabled yesterday, reviews the economic developments of 1958 in some detail. I should like now to draw attention to some of the more significant aspects of these developments since they provide the background against which my budget proposals are presented.

The most important forces stemming the decline in business activity during 1958 were to be found in the fiscal policy and position of the federal government—lower tax rates

and revenues, higher expenditures and increased cash disbursements particularly in housing loans. The additional spending power provided in this way helped to arrest the decline and underpinned both consumption and investment to a substantial degree until the major retarding influences had spent themselves. The tax reductions announced in December, 1957, helped to maintain the purchasing power in the hands of the public. Personal taxes paid in the calendar year 1958 were $142 million lower than in 1957, despite an increase of $1.4 billion in personal incomes. In addition, there were increases in social security payments, such as old age pensions, veterans' benefits, and unemployment insurance payments, and these also had the effect of maintaining personal incomes and consumer expenditure. Almost one-third of the total increase in personal incomes consisted of increased federal payments of this type, which rose in 1958 from $1.5 to $1.9 billion. There was also increased direct government expenditure on goods and services and this too injected new demand and tended to offset declines elsewhere in the economy. Increased federal transfers to the provinces were equal to about one-third of the total increase in provincial and municipal expenditures. The increase in provincial and municipal expenditures on goods and services in 1958 also provided substantial support.

Perhaps as important as changes in taxes and expenditures was government action to offset directly the decline in business capital investment by making funds available for housing. The result was that housing investment attained an all-time high in 1958. Housing starts rose to 165,000 units compared with 122,000 units in 1957 and a previous record of 138,000 units in 1955. In terms of value, investment in residential construction rose by $353 million or 25 per cent.

Federal fiscal policy played a major role in arresting the decline and in sustaining the economy until the balance of economic forces again turned in the direction of the recovery which is now well under way. The result was that cash requirements on budgetary account and for loans and advances were greatly in excess of cash receipts, and there was a very large cash deficit of $1,263 million in the 1958-59 fiscal year.

Hon. members are aware that in our accounting system there is no separation between current and capital expenditure except as regards loans and advances. In other words, the budgetary deficit reflects not only normal current expenditures but expenditures on capital works as well. It should be pointed out therefore that the deficit on budgetary account referred to above was to a large extent the result of expenditures on development of resources and construction, which in private business would be charged to capital account. In the calendar year 1958 these federal capital works included in current budgetary expense amounted to about $400 million. In addition, there were capital grants to the provinces, the most important of which was an expenditure of more than $50 million for the trans-Canada highway. Thus it will be seen on analysis that three-quarters of the 1958-59 budgetary deficit is in fact due to expenditure of a capital nature, rather than expenditure on current account.

The moderate but steady advance in consumer spending during the first nine months of 1958 was also a continuing source of strength. In the fourth quarter of the year the advance quickened and consumer expenditure rose by three per cent, the largest quarterly increase since 1952. This advance was an important facet of recovery and carried consumer expenditure to a level six per cent above the same period in 1957. The fourth quarter increase was particularly noticeable in expenditure on durable consumer goods which rose by eight per cent.

Consumer expenditure is much the largest and most stable element of demand in our economy. The steady rise in consumer spending during 1958 was supported by a growth in all the main components of personal income. For 1958 as a whole total wage and salary payments were two per cent above the 1957 aggregate but the trend throughout the year is more significant. There had been some decline in labour income between the summer of 1957 and the spring of 1958. This trend was reversed in February, 1958 and by December last the level of labour income was five per cent above the low point reached eleven months earlier.

The aggregate income of Canadian farmers improved substantially in 1958. Net farm income rose by 24 per cent. This was largely the result of higher returns from livestock and animal products. Farm cash income was only two per cent below the all-time high reached in 1952 and on a per capita basis for all those employed in agriculture cash income was the highest ever recorded. Government action in aid of agriculture and agricultural exports contributed directly to this improvement.

Among the forces contributing to expansion in our economy is the rapid increase in our population. During 1958 our population increased by 381,000, and by mid-summer of this year our population will pass the 17½ million mark.

All this indicates something of the strength imparted to the economy by the growth in

incomes. As I mentioned earlier, this was reinforced by a reduction in tax rates and by a very considerable increase in social security payments so that personal income available for spending was markedly higher than in 1957. In fact, the increase in personal income after taxes was seven per cent in 1958 compared with an increase of five per cent in 1957. About two-thirds of this large increase in personal income after taxes was used for the purchase of additional consumer goods and services; and the remaining third, an unusually high proportion, was saved. A return to more normal levels of saving together with the anticipated expansion in personal incomes can be expected to impart still greater strength to consumer spending in the months ahead.

Corporate profits are a sensitive indicator of business conditions. For the year 1958 as a whole corporate profits were five per cent lower than in 1957. But here again the yearly aggregate is not indicative of what happened during the course of the year. The downward trend in corporate profits which persisted through 1957 and early 1958 came to an end in the summer of 1958. Corporate profits began to rise in the third quarter of 1958 and increased by a further eight per cent in the fourth quarter. This recovery in profits can be expected to impart strength to increased business capital investment.

A further factor of importance in the recovery now taking place is the changing role of inventories. Movements in inventories tend to be of a short-run character, often intensifying demand in periods of expansion and inducing further declines in periods of lessening activity. In the 1955-56 investment boom the strongly inflationary conditions associated with a high level of capital investment contributed to a rapid rate of inventory accumulation. As the mood of optimism was replaced by one of caution, inventories were allowed to run down and to this extent current needs were met from existing stocks rather than new production. Between the first quarter of 1957 and the first quarter of 1958 investment in inventories declined by $1.1 billion at annual rates—from accumulation at a rate of $500 million to liquidation at a rate of $600 million. Throughout the latter half of 1957 and the first half of 1958 investment in inventories was declining and therefore exerting a depressing effect on production. By the third quarter of 1958, however, this movement had run its course and inventory investment had resumed a positive role.

I have referred to the fact that declining business capital investment was a major factor in the slow-down which emerged during 1957. This decline was particularly noticeable in the export-based resource industries where expansion had been fed by world demand. As the world commodity markets moved into a position of over-supply in late 1956 and early 1957, capital investment in these industries slowed down and this trend spread to other areas of investment as well. The decline was particularly marked in investment in machinery and equipment which fell by almost 20 per cent between the first and the fourth quarters of 1957.

For 1958 as a whole business capital investment, excluding housing, fell by $789 million or 13 per cent from the 1957 level. While business capital investment was lower than in the peak year 1957, it was high by any other standard and remained an important source of demand in the economy. Moreover, it should be observed that a considerable part of the impact of the decline in capital investment and inventories did not fall on Canadian producers but was reflected instead in a decline in imports which had been swollen by the demands of the previous boom.

The decline in business capital investment was largely offset by expansion in social capital, including housing. In 1958 outlays of this kind increased by $513 million or 17 per cent and offset almost two-thirds of the decline in business investment. Investment in housing and community facilities such as roads, schools and hospitals, amounted to more than two-fifths of our total capital spending.

A large number of Canadian workers and important segments of the business community find their prosperity directly related to the demand for our exports. Despite the recession in the United States market in 1958, our exports of merchandise were maintained at the record level of 1957. There were substantial gains in exports of a number of commodities, among them uranium, aircraft, beef cattle, wheat and farm implements. There were declines in other products, notably petroleum, iron ore, copper, nickel, primary and semi-finished steel, as well as pulp and newsprint. There was during 1958 a pronounced economic recovery in our major external market, the United States. While our expectations of continuing improvement in the economic situation at home do not depend on any large increase in exports, the continuing strength of recovery in the United States cannot fail to affect the position of some of our most important exports and has already contributed to a return of confidence.

While exports were maintained in 1958, merchandise imports fell by eight per cent and our deficit on commodity trade declined by

more than $400 million,—from $579 million in 1957 to $174 million in 1958. These reductions in purchases from abroad were associated with the lower level of business investment in Canada and affected in particular our imports from the United States. The reduction in our deficit on merchandise trade was offset to some extent by a further rise in our deficit on non-merchandise account, and our overall current account deficit declined by $288 million,—from $1,400 million in 1957 to $1,112 million in 1958. While the merchandise deficit was sharply reduced in the first three quarters of 1958, imports since then have been rising more rapidly than exports, a reflection of our progressing economic recovery.

The exchange value of the Canadian dollar in terms of United States dollars increased during the course of 1958, although the increase was confined to the first half of the year. The premium of the Canadian dollar over the United States dollar was a little more than 3½ cents in December, 1958, compared with about 1½ cents at the beginning of the year.

In our trade with the United States exports were well maintained while imports, particularly of capital goods and equipment, fell off quite sharply. On the other hand, our imports from the United Kingdom showed some increase. I am glad to say our trade and payments position with both the United Kingdom and the United States moved into better balance. With respect to the United Kingdom the gap in our current account has narrowed for the third consecutive year, with increases in both our imports and exports. The United Kingdom current account deficit with Canada in 1958 was $130 million,—the lowest in any year in the post-war period except 1950.

The achievement of better balance in our trading relationships was one of the objectives which prompted the government to call for a commonwealth trade and economic conference. All the other members of the commonwealth, accepting our invitation, met with us in Montreal last September. It proved to be one of the most significant meetings in the history of the commonwealth, and owed much to the initiative of our Prime Minister (Mr. Diefenbaker). I have no hesitation in saying that, in the field of trade and economic development, the decisions reached at the conference will result in great benefits not only to the commonwealth but to the whole of the free world. The results of the conference fully justified its opening theme—"An expanding commonwealth in an expanding world."

Two subsequent decisions of great importance were foreshadowed at our conference. First, there was the approval at New Delhi in October of the proposal to enlarge the resources of the International Bank and the International Monetary Fund. In their different spheres these two institutions promote world prosperity and world stability. I shall very soon be inviting the house to approve legislation enlarging Canada's subscriptions to the resources of both these institutions. Without going into details at this time I should, however, remind hon. members that these increases in our subscriptions do not involve new cash requirements.

Second, there was the decision of the government of the United Kingdom in December to make sterling convertible—a decision which, I am happy to say, was taken concurrently by a number of leading European governments. We may be confident that, over the months and years ahead, convertibility will be a potent force reducing discriminatory trade barriers against our products and enlarging opportunities for our exporters.

One must admit, however, that trading arrangements and commercial policies on the other side of the Atlantic are in a state of some uncertainty. The European economic community—the European customs union as it was originally called—has come into being, and as an evidence of western European solidarity it is indeed welcome. Also to be welcomed is the fact that many of the first tariff reductions of the community, which came into effect last January, were made available to all members of GATT and were not confined to the members of the community. On the other hand, there seem to be strong pressures within the community to increase discrimination against the outside world in the field of trade quotas. This, together with the possibility of higher European tariffs at a later date, is seriously disturbing to other members of the North Atlantic community and could exercise a divisive influence within the alliance. In seeking wider trade opportunities wherever we can we shall continue to employ all available facilities including those of GATT, the one organization which brings together the important trading countries and the chief trading groups.

Despite these difficulties and uncertainties in the commercial policies of the common market countries, world trade and payments have been moving into better balance. The fear of "dollar shortage", which hung over these countries in the post-war years, now seems to be dissipated. The United Kingdom and western European countries have added

over $3 billion to their gold and dollar reserves last year and this trend is expected to continue. For this reason alone we are entitled to expect that trading opportunities in that direction should continue to improve.

Much of the increase in European reserves came from the United States where gold reserves have fallen by $2.3 billion during the past year. This implies that, broadly speaking, the United States is continuing to act as a "good creditor". By gifts and loans, bilaterally and through international institutions, it is providing other countries with more than enough dollars to pay for the excess of its exports over its imports. But it is to be hoped that the people and the government of the United States will become less timid regarding imports, particularly imports from a country like Canada, which buys from them far more than it sells, and is linked with them by bonds of common continental defence. In particular the actions of the United States in imposing during the past year new import restrictions on lead and zinc and mandatory controls on petroleum have aroused strong resentment in this country. We shall continue to press for the removal of these and other unjustifiable impediments to our export trade.

No review of the economic situation would be complete without some comment on price movements. In the fourth quarter of 1958 consumer prices were 2.4 per cent higher than a year earlier. The wholesale price index rose 1.3 per cent in the same period. This tendency toward rising prices, particularly in a period of recession, is a matter for concern. Advancing technology might have been expected to reduce the cost and selling price of many products to consumers. It is evident, however, that developments in corporation pricing policies, in labour organization and even in our political democracy are producing increased rigidities which inhibit the free play of competitive forces and thereby promote inflation and price increases.

I feel constrained at this point to renew the warning I gave in my previous budget regarding the danger to our longer term economic prospects of a persistent trend toward higher costs of production. World markets are becoming increasingly competitive, and unless we can keep our costs of production in line with those in other important trading countries we shall find it increasingly difficult to sell our goods abroad and meet the competition of imports at home. Indeed this is happening now.

Rising costs and continuing price increases spell inflation. They weaken our competitive position at home and abroad and thereby reduce the possibilities of useful and productive employment. They divert effort from productive pursuits to the wasteful processes of speculation, from which in turn flow economic maladjustment and decline. More than this they impose severe burdens on those with fixed incomes and those normally least able to protect themselves. They lead to an unequal sharing of the fruits of progress and frustrate the just expectations of toil. I believe that the long-run growth in production and the fairness with which it is distributed are not unrelated and that both depend upon reasonably stable prices.

There has been much discussion about inflation during the past year, both here and in the United States. Some of it, in my view, has been of an exaggerated and overdramatized nature. I have always welcomed public discussion of this question. Only good can come from a better public understanding of the varied causes of inflation, of its different aspects, of its risks, of the dangers and injustices it breeds, and of the serious economic distortions it produces. I reject the doctrine of either the desirability or the inevitability of creeping inflation. As the London *Economist* put it:

> The proposition that inflation is inevitable is not an acknowledgment of economic determinism, but a political judgment that the will to control it has disappeared.

To argue that inflation is inevitable is a reflection upon, indeed an insult to the intelligence and the moral fibre of free peoples.

I do not see any present evidence of overt inflation in the coming year; in fact the consumer price index has declined for the past four consecutive months. We must, however, continue on guard against potential inflationary pressures. I believe that it is well within the power of Canadians to achieve reasonable price stability without sacrificing either immediate recovery or balanced growth.

I have tried to draw together the main strands in the economic developments of 1958. I have pointed to the evidence of recovery at home and abroad. Throughout 1958 there was serious unemployment despite very substantial positive action by the government. The improvements in economic conditions to which I have referred had not been in effect long enough to bring about a substantial improvement in employment before the end of 1958. It has been an unusually severe winter in most parts of Canada, and this has contributed to some delay in the recovery of employment. The most recent statistics available show a reduction in the numbers of unemployed persons as compared with a year ago and a rise of 152,000 in the number of persons working. These are very encouraging figures, and I am confident that

we can now look forward to a rapid growth in employment opportunities as the season advances.

It remains to assess the strength of this recovery and to estimate the levels to which it will carry incomes in the coming year. I estimate that a mere continuation of the level of gross national product reached in the first quarter of this year would of itself produce a 1959 gross national product about four per cent above 1958. But recovery is still in process, and we can therefore confidently expect the gain in 1959 production to go well beyond this figure. Assuming normal crops, stable prices and no untoward external events I shall be basing my budgetary policy and my revenue forecasts on a gross national product of about $34½ billion which is about seven per cent above the average level achieved in 1958.

GOVERNMENT ACCOUNTS 1958-59

I should like now to review briefly the government's accounts for the fiscal year that ended on March 31. Hon. members will find these set forth in some detail in the white paper tabled yesterday. It will be two or three months before our books of account for the fiscal year can be closed and audited, and the figures in the white paper and those I use tonight are approximate and subject to revision.

In my budget speech last June I budgeted for revenues of $4,652 million, expenditures of $5,300 million and a deficit of $648 million. In August, as a result of further sales tax exemptions provided in the amendments to the Excise Tax Act, I estimated the deficit at $650 million, and shortly before the house adjourned in September, following approval by parliament of the special wheat acreage payments and certain other expenditures, I revised my forecast of expenditure to $5,350 million and of the deficit to $700 million. It now appears that our revenues were $4,770 million, our expenditures including the deficit in the old age security fund were $5,387 million and the total budgetary deficit was $617 million.

The increase of $120 million in revenues is 2½ per cent over the budget forecast and reflects the fact that economic conditions during the year were somewhat better than those on which my budget estimate was based. Approximately $52 million of this increase was in tax revenues and $68 million in non-tax revenues, the latter reflecting mainly higher interest earnings and increased Bank of Canada profits. Expenditures at $5,387 million were $37 million, or two-thirds of one per cent higher than my revised budget forecast.

In addition to the expenditures for government services that are charged to the budgetary accounts we have made many very substantial loans and advances and disbursed large sums for a variety of other authorized and essential purposes. During the fiscal year these outlays amounted to $1,760 million and included loans and advances of $336 million to Central Mortgage and Housing Corporation, $207 million to the Canadian National Railways, $99 million to the St. Lawrence Seaway Authority and $42 million to the Northern Ontario Pipe Line Crown Corporation, as well as $212 million representing disbursements from the national defence equipment account. To meet these outlays substantial sums amounting in all to $1,114 million were available from the repayment of loans, net annuity insurance and pension receipts and from other non-budgetary sources.

The budgetary deficit of $617 million and the net non-budgetary requirements of $646 million have been financed by an increase of $1,429 million in the government's outstanding unmatured debt, resulting in an increase of $166 million in our cash balances.

During the fiscal year, in addition to the refunding of treasury bills which matured weekly, outstanding securities amounting to the very large sum of $7,973 million were redeemed or converted. New bonds in the amount of $9,286 million were issued in exchange or for cash. After taking into account the net reduction of $116 million in bonds held in our securities investment and sinking fund accounts the unmatured debt held outside these government accounts increased by $1,429 million during the fiscal year.

The average interest rate on the government's unmatured debt at March 31, 1959 was 3.60 per cent compared with 3.05 per cent at the end of the previous fiscal year. This increase was mainly due to the substantial lengthening in the average term of the debt achieved during the year.

DOMINION-PROVINCIAL RELATIONS

The subject of dominion-provincial relations has already been debated on two occasions in the present session. Accordingly I do not propose to enter on that subject this evening. However, the house might find it interesting to have on record the financial contributions the federal government is already making available to the provincial governments and to provincial institutions.

Under the Federal-Provincial Tax-Sharing Arrangements Act we are making unconditional payments to the provincial governments or unconditional tax abatements amounting to $684 million in the current year, of which $167 million is in the form of fiscal aid

through equalization and stabilization payments. Other direct unconditional payments from statutory subsidies and the share of the power corporation income tax total $30 million. As additional grants to the Atlantic provinces we are paying $2½ million a year to the government of Prince Edward Island and $7½ million a year each to the governments of Nova Scotia, New Brunswick and Newfoundland.

In addition to these very large sums we are paying or stand committed to make available to the provincial governments or to provincial institutions very large amounts of money in the form of conditional, matching or specific grants-in-aid. These cover such projects as hospital insurance, health and hospital grants, old age and disability assistance, unemployment assistance, trans-Canada highway and roads to resources programs, grants in aid of vocational training, university grants, grants to municipalities in lieu of taxes and in aid of winter work programs, and many others. The actual disbursements under these arrangements are expected to add up to more than $460 million in 1959-60.

I should like at this point, Mr. Speaker, to place on *Hansard* a table showing the cost to the federal treasury of all our subsidies, tax rentals, tax abatements, and conditional and unconditional grants to provincial governments and provincial institutions, including municipalities and universities, for the past three fiscal years and for 1959-60.

There will be a number of tables that by leave of the house I will propose to place on the record of *Hansard* tonight, if the house were prepared to give its consent to that now I might save interrupting later.

Mr. Speaker: Has the minister leave to have printed in *Hansard* this table and subsequent tables as they appear in the address?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): Thank you. The table follows:

TABLE 1

FEDERAL CONTRIBUTIONS TO THE PROVINCES
(in millions of dollars)

	1956-57	1957-58	1958-59 (preliminary)	1959-60 (estimated)
A. Unconditional Grants—				
1. Statutory Subsidies	22.7	22.0	21.6	21.4
2. Tax Rental and Abatements	523.3	493.6	514.3	517.0
3. Equalization		136.0	147.5	163.4
4. Stabilization		3.4	5.7	3.3
5. 50% share of Income Tax on Power Utilities	6.6	7.3	8.7	9.0
6. Atlantic Provinces Adjustment Grants	—	—	25.0	25.0
7. Term 29 Award (Nfld.)	—	—	13.6	7.3
Sub-total	552.6	662.3	736.4	746.4
B. Conditional Payments—				
1. Agriculture	0.8	0.9	1.6	1.6
2. Health	36.4	34.7	46.5	63.0
3. Hospital Insurance	—	—	57.8	160.0
4. Welfare	38.4	54.3	72.8	76.2
5. Vocational Training	4.1	4.5	8.5	10.0
6. Highways and Transportation	26.9	55.9	65.3	70.3
7. Resource Development	2.8	4.8	16.8	23.8
8. Subsidized Rentals and Slum Clearance	0.1	1.0	2.2	4.0
9. Other	1.2	1.0	9.2	8.5
Sub-total	110.7	157.1	280.7	417.4
C. Payments for the benefit of provincial institutions—				
1. University Grants	16.0	16.5	25.5	26.2
2. Grants to Municipalities in lieu of Taxes on federal government property	9.7	17.8	22.3	22.5
Sub-total	25.7	34.3	47.8	48.7
TOTAL	$689.0	$853.7	$1,064.9	$1,212.5

It will be seen from this table that the total cost to our treasury in 1956-57 was $689 million; in the year just ended it was $1,065 million; and in the year we are now entering it is estimated that it will be $1,212 million. Thus in this new fiscal year our payments to or for the benefit of the provinces will be almost double those of three years ago.

Finally, hon. members should note that through the federal schemes of unemployment insurance, old age pensions and family allowance payments we disbursed in 1958-59 a total of $1,510 million. These disbursements not only had important income sustaining effects on the entire Canadian economy, but also had a major impact on provincial and

municipal finances in relieving them of a great part of the burden of relief payments which in earlier decades would have fallen very heavily upon them.

DEBT MANAGEMENT

I reported to the house in my budget speech last June 17 that the matter of debt management, including the financing of about $1,400 million of new cash requirements, would be one of the major financial problems of the year. I said at that time that debt management cannot follow any rigid formula, but needs to be adapted to shifting economic conditions and market sentiment. I emphasized, however, the importance of taking advantage of every appropriate opportunity to sell longer term bonds in order to keep our debt maturities spread out over a reasonable period of years. Since the end of the war the average term of our debt had been steadily shortening. At the end of 1949 it was about 8½ years; by the end of 1954 it was just over 7 years; and early in 1958 it was down to 6 years.

Our problem of debt management in mid-1958 had several aspects. One was a significant change in the attitude of the investing public toward government bonds, both in Canada and in the United States. After some signs of strength in the earlier months of 1958 the New York bond market broke sharply in mid-June, and continued a pronounced downward trend to the end of the year. The Canadian market, with some variations, followed this general trend.

In both countries investors were showing little interest in increasing their holdings of longer term government bonds. These circumstances led us, in planning our financing, to look to the relatively short term market; but here we encountered the problem of the shortness in the average term of our existing debt. The major factor in this situation was the impending maturities of nearly $6½ billion of wartime victory bonds that had ultimate maturity dates between January 1, 1959, and September 1, 1966. But in so far as the market and the investor were concerned, this $6½ billion was not spread over eight years, because the first four of the issues were callable in 1959 or earlier and the 1966 issue was callable at any time after September 1, 1961. From the investors' point of view, therefore, this $6½ billion had to be considered as being spread over, not eight years, but approximately three years.

It was to clear away this heavy over-hang of bonds of short term and uncertain term, and to provide a substantial lengthening out of the average term of our debt that the great conversion loan of last summer was undertaken. I shall not repeat the detailed merits of this the largest financial operation in Canada's history. It achieved an unprecedented success. More than 90 per cent of the outstanding Victory Loan bonds were converted by their holders into longer maturities. It has proved to be a major anti-inflationary step; it removed a source of heavy pressure on the bond market; and by nearly doubling the average length of our debt it has made it possible to develop and carry forward a sound debt management policy.

Monetary policy and debt management are closely related. During the first nine months of 1958 the Bank of Canada progressively increased the total money supply very substantially. This increase in the money supply, which began in the third quarter of 1957, was in part a normal central banking operation to counter the recession in business activity and to ensure that recovery was not impeded by any shortage in credit. It was also a necessary concomitant of the conversion loan operation which was the foundation for a sound debt management policy.

Debt management and the problems of financing the undertakings of government are too often regarded as matters remote from the interest of the average citizen. The complexities of public finance and the intricacies of the bond market may seem to be removed from his experience. The fact is, however, that the national debt and the way it is managed touch the lives of all Canadians.

The volume of government borowing, the rates, distribution and length of the national debt, affect the whole pattern of individual, corporate, municipal and provincial financing. Good debt management is essential to the maintenance of the purchasing power of the Canadian dollar and the achievement of sustained national development. It is at the very heart of national thrift and is vital to the realization of the economic goals of a free and competitive society.

An important and healthy development of recent months has been the sharp reversal of a long continuing trend of dis-investment in Government of Canada bonds by the general public. This decline in the holdings of Canada bonds by the general public—that is, holdings outside the banking system and government accounts—had been going on more or less steadily since the end of the war, but was considerably accelerated during the first part of 1958. Ten years ago the general public's holdings were close to $10 billion; five years ago they were down to $9 billion; at the end of 1957 they were about $8.7 billion; and they reached a low point of just under $8 billion in September, 1958. In the past six months there has been a sharp turn around. Since last September the general public's holdings of Canada bonds have

increased week by week and are now $1,560 million higher than on September 30. Today the general public's investment in Dominion of Canada bonds is at a higher level than at any time in the past eight years.

If I may have consent, Mr. Speaker, I should like to insert at this point three factual tables relating to the size, the distribution, the average term, and the total interest cost of our public debt over the past ten years.

TABLE 2A

GROSS AND NET DEBT

March 31	Funded Debt ($ billion)	Total Debt ($ billion)	Net Debt ($ billion)	Net Debt Per capita $	Net Debt As per cent of G.N.P.
1950	15.2	16.8	11.6	847	71.2
1951	15.0	16.9	11.4	814	63.3
1952	14.7	17.5	11.2	772	52.9
1953	14.8	17.9	11.2	757	46.7
1954	14.6	17.9	11.1	725	44.4
1955	14.5	18.0	11.3	720	45.4
1956	15.4	19.1	11.3	702	41.7
1957	14.4	18.3	11.0	663	36.4
1958	14.2	18.4	11.0	647	35.0
1959	15.6	20.2	11.7	676	36.3

TABLE 2B

INTEREST COST OF GROSS AND NET DEBT

Year ending March 31	Interest paid on total debt (millions)	Revenues from Investments (millions)	Net Interest Cost (millions)	Net Interest as p.c. of net debt
1950	$440	$ 92	$348	3.00
1951	425	90	335	2.94
1952	432	118	314	2.80
1953	451	117	334	2.98
1954	476	152	324	2.92
1955	478	134	344	3.04
1956	493	149	344	3.04
1957	520	207	313	2.85
1958	539	169	370	3.36
1959	604	225	379	3.24

TABLE 2C

MATURITY AND DISTRIBUTION OF FUNDED DEBT

December 31	Average Term of Debt* Years	Amount of Funded Debt Held ($ millions) Banks	Govt. Accts.	General Public	P.C. held by Gen. Public
1949	8.3	5,178	796	9,845	62.2
1950	8.1	5,093	847	9,952	62.6
1951	7.5	5,052	1,009	9,273	60.5
1952	6.8	5,176	1,102	8,909	58.7
1953	6.2	5,184	1,314	9,139	58.4
1954	7.2	5,633	1,204	8,629	55.8
1955	6.3	5,540	1,491	8,969	56.1
1956	6.6	4,950	1,518	8,766	57.5
1957	6.0	5,104	1,367	8,693	57.3
1958	10.3	6,190	1,258	8,968	54.6
1959 (Apr. 1)	10.0	6,104	944	9,512	57.4

*Excluding Canada Savings Bonds and Perpetuals.

These tables show that since 1949 our gross funded debt has increased by about five per cent, and our net debt is almost unchanged. Our net debt per capita was $847 ten years ago, $725 five years ago and is reduced to $676 now. Our net debt as a percentage of gross national product in the same years was 71.2, 44.4 and now 36.3.

While the gross interest on our public debt rose from $440 million in 1949-50 to $604 million in 1958-59, our interest and dividend returns from our public investments have risen in the same years from $92 million to $225 million. The net interest cost of the public debt was thus $348 million ten years ago and was $379 million in the year just ended.

GOVERNMENT ACCOUNTS 1959-60

I come now to the budgetary outlook for the current fiscal year. Early in February I tabled the main estimates for 1959-60 totalling $5,596 million. In addition, I must assume that there will be some payments under the Agricultural Stabilization Act and that we will have to make provision for a reduced Canadian National Railways deficit for 1959. The deficit in the old age security fund will be about $185 million this fiscal year. There will also be some additional statutory expenditures as well as the usual supplementary and further supplementary estimates but offsetting these we can expect some lapsings in appropriations.

The total amount of lapsings at the end of the year is likely to be much smaller than in past years, as a result of the arduous labours of the treasury board in revising and screening the departmental estimates for the current year. As I said on tabling the main estimates, we have done our utmost to promote efficiency and economy in government administration, and notwithstanding our growth in population and the essential services that must accompany such growth, we have been able to hold both staff and administrative costs remarkably close to the levels of the previous year.

After careful study and consideration, and taking into account our continuing efforts to achieve further economies in administration and greater efficiency in the public service, I have concluded that our budgetary expenditures for the fiscal year ending March 31, 1960, will be approximately $5,660 million, excluding the old age security fund deficit, or $5,845 million including that deficit.

This is $458 million higher than our budgetary expenditures last year. While this would appear to be a very substantial increase I should remind hon. members that $235 million, or more than half of the total, is in our defence expenditure, and reflects, for the most part, the decision taken last year to liquidate the national defence equipment account in 1958-59. Actually, our total cash outlay this year for defence will be approximately the same as last year, but because of this change in bookkeeping treatment, equipment purchases which in previous years were charged to the defence equipment account will now be charged to budgetary expenditures. As I explained last year, this change was made in the interests of good accounting and for the maintenance of proper parliamentary control of expenditures.

The other half of the increase is in non-defence expenditures. More than $100 million is due to the higher cost of our contributions under the Hospital Insurance and Diagnostic Services Act. Part is due to increased debt charges reflecting the increase in our outstanding debt and higher interest rates; part to the normal growth in our existing social security and welfare payments; and part to government policies designed to foster national development and to provide increased employment opportunities,—expenditures which will in this and future years increase the efficiency and productive capacity of our economy and thereby add to our future national wealth and income.

Forecasting revenue is always difficult, much more difficult than estimating expenditures. On the basis I indicated earlier of a gross national product of $34½ billion for 1959 and taking into account all available information, I should expect if there were no change in tax rates that our total revenues would be $5,165 million in 1959-60. This is $395 million, or about eight per cent, more than our revenues in the year just ended.

If I may have unanimous consent, Mr. Speaker, I should like at this point to insert in *Hansard* a table showing my estimate of the revenues for the year just ended and what we may expect to receive in the coming year under our existing tax laws.

Table 3
Revenue forecast—Before tax changes
(in millions of dollars)

	1958-59	1959-60
Personal income tax	$1,371	$1,550
Corporation income tax	1,029	1,065
Non-resident tax	60	75
Estates tax	73	75
Customs duties	486	525
Sales tax	694	755
Other duties and taxes	561	610
Total taxes	$4,274	$4,655
Non-tax revenue	496	510
Total revenue	$4,770	$5,165

With projected revenues of $5,165 million and expenditures of $5,845 million I should expect a deficit of $680 million for the current year if there were no change in our present tax structure.

Apart from and outside the budget we shall continue to require large amounts of cash and before I come to discuss the appropriate tax policy for our present and prospective circumstances I should like to draw these requirements to the attention of the house.

As hon. members know, every year the government lends or advances substantial sums for a wide variety of public purposes. These are not treated in our accounts as budgetary expenditures, as in most cases they are interest-earning or revenue-producing and the principal amount is eventually repaid.

On the other hand, each year we collect or receive large amounts of cash which are not treated as budgetary revenues. These consist mainly of moneys paid for the purchase of government annuities, insurance or superannuation benefits or from the repayment of loans made in previous years.

During 1959-60 we shall probably be called upon to advance about $300 million to Central Mortgage and Housing Corporation for housing loans; about $200 million for the capital investment and refunding programs of the Canadian National Railways and close to $150 million to the St. Lawrence Seaway Authority, the National Harbours Board, the Canadian Farm Loan Board and other crown corporations and for other non-budgetary purposes.

On the other hand, we shall have about $250 million available from the repayment of loans and from the excess of current contributions over current benefit payments in our various annuity, pension and insurance accounts.

Our net requirements for these non-budgetary accounts, excluding possible exchange fund requirements which cannot be forecast, will be of the order of $400 million which we must borrow. This together with the prospective budget deficit would result in net cash requirements of between $1,050 and $1,100 million for the year.

TAX POLICY

As I have said, Mr. Speaker, on the basis of our present expenditure program and our present tax structure we shall be facing a deficit of about $680 million in the fiscal year ending next March 31. This is about $63 million greater than the deficit recorded for the year just ended, notwithstanding the fact that I expect our present tax structure to yield nearly $400 million more revenue in 1959-60 than in 1958-59. As I have already said, this is due to two principal factors. The first is that having liquidated the former defence equipment account during the past year, the defence expenditures to be charged against the current budget in 1959-60 will be $235 million greater than last year, although the actual cash expenditures will be about the same. The second factor is that we shall now be meeting a full year's cost of the hospital insurance program, and this will add more than $100 million to our expenditures.

Government policies relating to taxation and expenditures should be kept flexible. In an earlier generation when government revenues and expenditures were only a very small fraction of the gross national product the broad economic effects of government finance were not of great significance. But in this modern age where the government expenditures constitute 18 to 20 per cent of the gross national product—and in many countries the percentage is much higher than in Canada—the financial policies of the government—the amount spent, how it is spent, how the revenues are raised, and the balance between revenue and expenditure—all exert a very direct influence on the health of the private sector of the economy.

As economic conditions change, the government's budget policy needs to change also. It must be flexible; it should be adapted to the shifting economic climate. There are times when a substantial deficit is clearly the right policy; there are times when the budget should be in balance; there are times when some provision should be made for the orderly retirement of debt; and within these ranges there is always the question of degree. The problem of timing the adjustments in budgetary policy is not an easy one, and yet good timing is often of crucial importance.

Government financial policy can never be as flexible as policy in private business. Changes in taxes have important, sometimes vital, effects on business operations. Government expenditures are in large measure analogous to the overhead expenses of private business; they cannot be greatly changed on short notice. Budgetary changes cannot be lightly undertaken or introduced without the most careful consideration. Moreover, it would be very upsetting and confusing to business if changes in taxation were made too frequently or at unusual times.

The deficits we ran last year, both on budgetary account and on over-all cash account, were very large; but looking back over the past year and considering all the circumstances I do not think that they were excessive. Undoubtedly they were a major factor in moderating the 1957-1958 recession, with respect to both its depth and its duration. I think nearly all informed observers have agreed that our policy last year was right in its direction and about right in its degree. We are now, however, well on the road to recovery, and we can look forward to a steady expansion of economic activity, employment and incomes.

I believe all hon. members recognize that we must look forward to a time when conditions of prosperity and employment will allow a balanced budget and when we can also make proper provision for an orderly retirement of debt.

We have not yet, however, reached that stage. Recovery is gathering momentum, but it would be unwise at this juncture to change our course so abruptly as to hamper the forces of expansion. I believe, however, that there should be some narrowing of the budgetary gap. If, under the greatly improved prospects of today, we were to continue to run deficits on the same scale as last year, we would, in my judgment, run serious risk of building up an inflationary potential which could prove most difficult to keep under control a year or so hence.

Appropriate steps in the direction of balancing the budget are also desirable in order to reduce the heavy pressure of new federal borrowings on the bond market. I have already noted that our federal debt in relation to our growing population and in relation to our expanding gross national product is not excessive; indeed its relative burden is less than in almost every year since the end of the war. But the fact remains that the Canadian bond market has not been accustomed to absorbing as large a volume of new government of Canada bonds as we have had to offer during the past year. The impact of our borrowings, which over the year as a whole have been achieved largely in a non-inflationary manner, has exerted an upward pressure on interest rates. It is desirable, therefore, under present circumstances to move in the direction of reduced federal borrowing, in order to reduce pressure on the interest rate structure and to leave more room for essential provincial and municipal financing.

The two principal elements of a continuing nature in our increased expenditures in 1958 and in 1959 are the increased old age pensions and the new program of hospital insurance. These are universal benefits available, in so far as the federal government is concerned, in the same degree to all Canadians, from coast to coast, and without regard to individual means. It seems to me that, in principle, such universally available benefits should be met from a broadly based system of tax contributions.

Our tax policy for 1959-60 will therefore be based on two principles:

(a) To provide a broadly based source of revenues to meet the new and additional forms of universally available social welfare benefits, and

(b) To reduce the budgetary gap in a degree that will not interfere with the desired rate of recovery, but will hold out the prospect of a balanced budget at the appropriate time.

I have already referred to the important results achieved by the government in providing increased social security, including old age security and hospital insurance. These programs have been well received. They cost money and must be paid for. We have also, as I have previously indicated, spent large sums to meet the problem of unemployment.

As far as I can judge, our Canadian public has been well informed about the underlying facts of the situation. Evidently most people have been expecting some tax increases this year. Many may be not unpleasantly surprised that the increases I shall be proposing are as moderate as they are.

In formulating my proposals I have made every effort to spread the increased burden in a pattern which is fair and equitable and will not weigh too heavily on any one section of the community. Several different taxes and various tax rates will therefore be affected, each of them in moderate degree. The measures which I propose are designed to safeguard the credit of the country, the soundness of our currency, the development of our resources, and the security of our economic future.

OLD AGE SECURITY

The Old Age Security Act provides a pension without a means test to every eligible person 70 years of age or over. The pension was $40 a month from 1952 until July 1, 1957, when it was increased to $46 a month. To meet our people's needs it was increased substantially to $55 a month by the present government on November 1, 1957.

Before the old age security legislation was first introduced the entire subject was carefully studied by a joint committee of the Senate and the House of Commons. After considering various methods of financing, this committee recommended that the contributory principle be applied, and that the required funds be raised annually on a pay-as-you-go basis. From the outset the contributions to the fund have been two per cent on personal incomes with a maximum contribution of $60, two per cent on corporate incomes, and a two per cent sales tax. This 2-2-2 formula is now far from adequate to provide the funds required to pay the increased pension. In the past fiscal year the contributions fell short of the required total by $184 million. If we are to continue to

maintain the contributory principle and an ear-marked fund it is necessary to increase the contributions to the fund.

I propose that we continue to support the pension out of the same three sources of contributions in the same proportion as in the past. This system is well established and fully accepted by the public. I am, therefore, proposing the following rates of contribution; three per cent on personal incomes with a maximum contribution of $90, to take effect on July 1, 1959; three per cent on corporate incomes, to take effect from January 1, 1959; and a three per cent sales tax, to take effect tomorrow.

Under the 2-2-2 formula the two per cent levy on personal incomes reached its maximum of $60 at a level of taxable income of $3,000 a year. The new three per cent levy on personal incomes will reach its maximum of $90 at the same level of taxable income.

For the convenience of hon. members may I insert in *Hansard* a table showing total contributions and total pension payments under the Old Age Security Act since its inception.

Table 4
Old Age Security Fund

Fiscal year	Total contributions (millions of dollars)	Total pension payments (millions of dollars)
1951-52 (3 mos. only)	$ 26.4	$ 76.1
1952-53	223.6	323.1
1953-54	293.1	338.9
1954-55	290.0	353.3
1955-56	316.2	366.2
1956-57	371.6	379.1
1957-58	371.5	473.9
1958-59	(est.) 376.0	(est.) 560.0
Total	$2,268.4	$2,870.6

The rates of contribution that I am proposing will yield about $143 million in this fiscal year and about $196 million in a full year. This means that the fund will show a deficit of about $42 million at the end of the current year; but since we shall have provided for the necessary revenues to bring the fund into balance over the next two or three years, I do not propose to treat the deficit in the old age security fund as a budgetary charge in the current year, but to carry it forward into 1960-61.

May I insert here a table showing the effect of these changes on the Old Age Security Fund for 1959-60 and for a full year.

Table 5
Old Age Security Fund
(in millions of dollars)

	Income Tax			
	Personal	Corporate	Sales Tax	Total
Revenue from present rates	$150	$56	$187	$393
Revenue added by new rates in 1959-60	41	20	82	143
Total revenue in 1959-60	191	76	269	536
Total revenue in a full year at new rates	225	84	280	589
Total pensions payable in 1959-60				578
Total pensions payable in 1960-61				597

INCOME TAX

I also propose some increases in the rates on personal and corporate incomes as part of the general program of reducing the deficit.

Aside from the increased contributions for old age security I do not recommend any increases in taxes on personal incomes below the level of $3,000 of taxable income.

I am proposing, however, to add two percentage points of personal income tax to each rate in the rate schedule above $3,000 per year, to take effect on July 1, 1959. The effect will be that taxpayers will pay an additional two per cent on all of their taxable income in excess of $3,000. The increased old age security contributions, to which I have already referred, will involve these same taxpayers in an additional $30 on their first $3,000 of taxable income. It is expected that this increased rate on taxable incomes in excess of $3,000 will yield $25 million this year and $45 million in a full year. It will have no application to approximately 3,800,000 of Canada's 4,600,000 personal income tax payers.

For 1959 the rates will reflect the fact that the increases are not to take effect until July 1. Therefore the increase in income tax rates for this taxation year will be one percentage point on taxable income in excess of $3,000 and the additional old age security contribution will not exceed $15. For example, a married taxpayer with two young children who has a total annual income of $5,600 will pay no additional income tax, but will pay an additional $2.50 a month for old age security commencing next July.

It will be remembered that this government reduced income tax rates and increased exemptions in 1957. On the first $1,000 of

taxable income we reduced the rate of tax by two percentage points. On the second $1,000 of taxable income we reduced the rate of tax by one percentage point. At the same time we increased the exemption for each dependent child by $100.

Taxpayers in the lower and middle income brackets will find that their tax increases this year will cost them less than the relief granted to them by the reductions of 1957. The best way to illustrate the effect on the individual is to compare the taxes which will be payable in a full year after this year's changes with the taxes payable in 1957 prior to the reductions we introduced in that year. For purposes of comparison, let us consider the position of a typical married man who is the father of two children of family allowance age.

At an income level of $3,000 a year, under the new rates, this man will pay a total of income tax and social security contribution of $56, an increase of $4 from the 1958 level. He will, however, be paying $34 less than he paid before the reductions we introduced in 1957.

At an income level of $4,000 a year, under the new rates, he will pay a total of $208, an increase of $14 from the 1958 level but $44 less than before the reductions we introduced in 1957.

At an income level of $5,000 a year, he will pay a total of $390, an increase of $24 from the 1958 level but $44 less than before the reductions we introduced in 1957.

At an income level of $7,500 a year, he will pay a total of $898, an increase of $68 from the 1958 level but still $2 less than before the reductions we introduced in 1957.

It is clear from these examples that even after the increases now being proposed the vast majority of taxpayers will be paying less in income tax and old age security contributions than they paid prior to the reductions we introduced in 1957.

At the same time they are receiving the protection of a social security system which has been greatly improved and extended.

For the convenience of hon. members may I insert in *Hansard* at this point five tables indicating the effect of the proposed changes in personal income taxes, along with the increased contribution to old age security.

TABLE 6a

EFFECT OF PROPOSED PERSONAL INCOME TAX CHANGES

Single Taxpayer with No Dependants

Income	In 1958		In 1959		In a Full Year		Increase In a Full Year	
	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution
$	$	$	$	$	$	$	$	$
1,300	22	4	22	5	22	6	—	2
1,500	44	8	44	10	44	12	—	4
2,000	99	18	99	23	99	27	—	9
2,500	166	28	166	35	166	42	—	14
3,000	236	38	236	48	236	57	—	19
3,500	318	48	318	60	318	72	—	24
4,000	403	58	403	73	403	87	—	29
5,000	573	60	582	75	591	90	18	30
7,500	1,086	60	1,120	75	1,154	90	68	30
10,000	1,722	60	1,781	75	1,840	90	118	30
15,000	3,412	60	3,521	75	3,630	90	218	30
20,000	5,507	60	5,666	75	5,825	90	318	30
30,000	10,002	60	10,261	75	10,520	90	518	30
50,000	20,747	60	21,206	75	21,665	90	918	30
75,000	35,692	60	36,401	75	37,110	90	1,418	30
100,000	51,637	60	52,596	75	53,555	90	1,918	30
200,000	122,332	60	124,291	75	126,250	90	3,918	30

NOTES: 1. In calculating the above taxes it has been assumed that everyone takes the optional standard deduction of $100 in lieu of claiming deductions for charitable donations, unusual medical expenses and union dues.

2. In calculating the above taxes it has also been assumed that where incomes are in excess of $30,000 that part of income which is in excess of $30,000 is subject to the 4 per cent investment surtax.

TABLE 6b

EFFECT OF PROPOSED PERSONAL INCOME TAX CHANGES

Married Taxpayer with No Dependants

Income	In 1958		In 1959		In a Full Year		Increase in a Full Year	
	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution
$	$	$	$	$	$	$	$	$
2,300	22	4	22	5	22	6	—	2
2,400	33	6	33	8	33	9	—	3
2,500	44	8	44	10	44	12	—	4
3,000	99	18	99	23	99	27	—	9
3,500	166	28	166	35	166	42	—	14
4,000	236	38	236	48	236	57	—	19
5,000	403	58	403	73	403	87	—	29
7,500	870	60	894	75	918	90	48	30
10,000	1,446	60	1,495	75	1,544	90	98	30
15,000	3,032	60	3,131	75	3,230	90	198	30
20,000	5,077	60	5,226	75	5,375	90	298	30
30,000	9,522	60	9,771	75	10,020	90	498	30
50,000	20,217	60	20,666	75	21,115	90	898	30
75,000	35,112	60	35,811	75	36,510	90	1,398	30
100,000	51,007	60	51,956	75	52,905	90	1,898	30
200,000	121,652	60	123,601	75	125,550	90	3,898	30

Note: See Notes for Table 6a.

TABLE 6c

EFFECT OF PROPOSED PERSONAL INCOME TAX CHANGES

Married Taxpayer with Two Children Eligible for Family Allowances

Income	In 1958		In 1959		In a Full Year		Increase in a Full Year	
	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution
$	$	$	$	$	$	$	$	$
2,800	22	4	22	5	22	6	—	2
2,900	33	6	33	8	33	9	—	3
3,000	44	8	44	10	44	12	—	4
3,500	99	18	99	23	99	27	—	9
4,000	166	28	166	35	166	42	—	14
5,000	318	48	318	60	318	72	—	24
7,500	770	60	789	75	808	90	38	30
10,000	1,326	60	1,370	75	1,414	90	88	30
15,000	2,842	60	2,936	75	3,030	90	188	30
20,000	4,862	60	5,006	75	5,150	90	288	30
30,000	9,282	60	9,526	75	9,770	90	488	30
50,000	19,948	60	20,392	75	20,836	90	888	30
75,000	34,818	60	35,512	75	36,206	90	1,388	30
100,000	50,688	60	51,632	75	52,576	90	1,888	30
200,000	121,308	60	123,252	75	125,196	90	3,888	30

Note: See Notes for Table 6a.

TABLE 6d

EFFECT OF PROPOSED PERSONAL INCOME TAX CHANGES

Married Taxpayer with Four Children Eligible for Family Allowances

Income	In 1958		In 1959		In a Full year		Increase in a Full Year	
	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution
$	$	$	$	$	$	$	$	$
3,300	22	4	22	5	22	6	—	2
3,500	44	8	44	10	44	12	—	4
4,000	99	18	99	23	99	27	—	9
5,000	236	38	236	48	236	57	—	19
7,500	670	60	684	75	698	90	28	30
10,000	1,206	60	1,245	75	1,284	90	78	30
15,000	2,657	60	2,746	75	2,835	90	178	30
20,000	4,647	60	4,786	75	4,925	90	278	30
30,000	9,042	60	9,281	75	9,520	90	478	30
50,000	19,663	60	20,102	75	20,541	90	878	30
75,000	34,508	60	35,197	75	35,886	90	1,378	30
100,000	50,353	60	51,292	75	52,231	90	1,878	30
200,000	120,948	60	122,887	75	124,826	90	3,878	30

NOTE:—See Notes for Table 6a.

TABLE 6e

EFFECT OF PROPOSED PERSONAL INCOME TAX CHANGES

Married Taxpayer with Two Children Eligible for Family Allowances and Two Other Dependants

Income	In 1958		In 1959		In a Full Year		Increase in a Full Year	
	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income Tax	OAS Contribution	Income tax	OAS Contribution
$	$	$	$	$	$	$	$	$
3,800	22	4	22	5	22	6	—	2
3,900	33	6	33	8	33	9	—	3
4,000	44	8	44	10	44	12	—	4
4,500	99	18	99	23	99	27	—	9
5,000	166	28	166	35	166	42	—	14
6,000	318	48	318	60	318	72	—	24
7,500	573	60	582	75	591	90	18	30
10,000	1,086	60	1,120	75	1,154	90	68	30
15,000	2,492	60	2,576	75	2,660	90	168	30
20,000	4,432	60	4,566	75	4,700	90	268	30
30,000	8,802	60	9,036	75	9,270	90	468	30
50,000	19,378	60	19,812	75	20,246	90	868	30
75,000	34,198	60	34,882	75	35,566	90	1,368	30
100,000	50,018	60	50,952	75	51,886	90	1,868	30
200,000	120,588	60	122,522	75	124,456	90	3,868	30

NOTE:—See Notes for Table 6a.

I am also proposing to add 2 percentage points to the rate of tax on corporate income in excess of $25,000, to take effect from January 1, 1959. This increase will have no application to approximately 42,000 of Canada's 50,000 corporate income taxpayers. It is estimated that this additional tax will increase revenues $56 million on a full year's basis and $32 million this fiscal year. The applicable rate will now be 47 per cent. Together with the old age security contribution, the levy on corporate profits up to $25,000 will be 21 per cent, and on the excess over $25,000 will be 50 per cent.

Although it is only fair and equitable that all corporations should pay the old age security contributions in full, my proposal that corporate incomes up to $25,000 should be exempt from the additional two per cent levy is in line with the government's policy of giving special encouragement to the expansion of smaller business firms.

May I insert here, Mr. Speaker, a table showing the effect of this tax increase at various levels of corporate profits?

TABLE 7

EFFECT OF PROPOSED CORPORATION INCOME TAX CHANGES

Income of Corporation	In 1958			In 1959			Increase	
	Income Tax	OAS Contribution	Total	Income Tax	OAS Contribution	Total		
$	$	$	$	$	$	$	$	%
5,000	900	100	1,000	900	150	1,050	50	5.0
10,000	1,800	200	2,000	1,800	300	2,100	100	5.0
15,000	2,700	300	3,000	2,700	450	3,150	150	5.0
20,000	3,600	400	4,000	3,600	600	4,200	200	5.0
25,000	4,500	500	5,000	4,500	750	5,250	250	5.0
30,000	6,750	600	7,350	6,850	900	7,750	400	5.4
35,000	9,000	700	9,700	9,200	1,050	10,250	550	5.7
40,000	11,250	800	12,050	11,550	1,200	12,750	700	5.8
50,000	15,750	1,000	16,750	16,250	1,500	17,750	1,000	6.0
75,000	27,000	1,500	28,500	28,000	2,250	30,250	1,750	6.1
100,000	38,250	2,000	40,250	39,750	3,000	42,750	2,500	6.2
200,000	83,250	4,000	87,250	86,750	6,000	92,750	5,500	6.3
300,000	128,250	6,000	134,250	133,750	9,000	142,750	8,500	6.3
500,000	218,250	10,000	228,250	227,750	15,000	242,750	14,500	6.4
1,000,000	443,250	20,000	463,250	462,750	30,000	492,750	29,500	6.4
2,000,000	893,250	40,000	933,250	932,750	60,000	992,750	59,500	6.4
5,000,000	2,243,250	100,000	2,343,250	2,342,750	150,000	2,492,750	149,500	6.4

In connection with personal income taxes, I have reviewed the whole subject of income tax deductions for medical expenses. It became necessary to do this because of the greatly increased federal contributions to health costs under the hospital plans financed jointly with the provinces. After studying various solutions to the problems at issue, I have come to the conclusion that a change should be made.

My proposal is to exclude from medical expenses, as now defined in the Income Tax Act, all such expenses from which the taxpayer is relieved to the extent that they are paid with the assistance of the federal government under the Hospital Insurance and Diagnostic Services Act. This amendment will take effect as from January 1, 1959, to coincide with the taxation year for individuals.

The exemptions granted under the Income Tax Act for medical expenses are clearly intended to relieve the individual taxpayer who has a burden of unusual medical expenses. It would be quite anomalous to allow income tax deductions to individuals for hospital care received at government expense now that the federal government is financing a very substantial proportion of hospital costs. The federal treasury should not be in the position of paying twice, once in terms of expenditure and again in terms of taxes forgone.

A further reason for making this change arises out of the differences in form amongst the provincial schemes. Because of these differences it is becoming increasingly difficult to give equal income tax treatment to the residents of the various provinces which have instituted hospital insurance plans. Under some of these it appears that the taxpayer incurs expenses which he has, in effect, prepaid by insurance premiums. Under others he does not incur expenses but merely receives free care paid for out of general taxation.

Under this proposal a taxpayer will still be able to claim expenses which he himself has paid, including any co-insurance or deterrent charges paid under a provincial hospital insurance plan, or which an insurance company or health insurance association has paid for him. Consequently, there will be no change in the present incentive for taxpayers to insure against the costs of health care. Implementation of this proposal will have no effect on a taxpayer in any province that is not receiving federal funds in support of a hospital insurance plan.

This change in the definition of medical expenses will reduce the total of medical expenses deductible on income tax returns, and it is estimated that it will increase our tax revenues by $3 million this year, and $9 million in a full year.

Before I leave the subject of medical expenses in relation to personal income tax, may I say that I have carefully reviewed a number of requests for additions to the list of items that may be included as medical expenses for income tax purposes. I am proposing to add a few more items to the list including iliostomy and colostomy pads, crutches, trusses, and rocking beds for polio patients.

In addition to these tax changes I have just outlined, Mr. Speaker, the bill to amend the Income Tax Act will contain a number of amendments of a more technical nature. Some of these are designed to alleviate hardship,

others to improve the efficiency of the tax system and keep it up to date. It is not expected that these changes will have any significant effect on revenues.

One of these amendments will provide for more generous tax treatment of payments made by an employer to the widow or dependent children of a deceased employee by providing that such death benefits shall be free of tax up to an amount equal to 12 months' salary of the employee or $10,000 whichever is the lesser.

There has been an increasing use of group life insurance plans as a means whereby corporations provide substantial remuneration to some of their senior officers in a tax-free form. This is unfair to other taxpayers. Accordingly an amendment will be proposed to subject to tax a portion of the benefit which an employee derives through the payment of group life insurance premiums on his behalf by his employer. It is not intended to disturb the present tax treatment of the many plans where the benefit provided by the employer does not exceed $25,000 of insurance for an individual employee.

Another proposed amendment that will be of some general interest will provide for tax relief on lump sum withdrawals from employee pension plans where the amount withdrawn is transferred to another pension plan or used as a premium under a registered retirement savings plan. It is believed that this step will help an individual who is moving from one job to another or from the status of employee to that of self-employed person to do so without seriously disturbing his provision for a retirement income.

ESTATE TAX

The Estate Tax Act has been in force since January 1, 1959, a period of about three months, and has received general public approval. I am not proposing any amendments to this act this year. In my view, it would be wise to allow for another year of testing, study and experience.

SALES AND EXCISE TAXES

In a budget of this kind, where it is necessary to find increased revenues, no one will be surprised that I am including some changes affecting cigars, cigarettes and spirits. Taking effect tomorrow, the excise duty on spirits will be increased by $1 per proof gallon, from $12 to $13 per proof gallon. This change is equivalent to about 12 cents on a 25-ounce bottle of whisky. Also taking effect tomorrow, the excise tax on cigarettes will be increased by $1 per thousand. This latter is equivalent to two cents per package of 20 cigarettes. Also taking effect tomorrow, the excise duty on cigars which is now $1 per thousand will be increased to $2 per thousand.

These three tax increases will yield about $42 million in this fiscal year and $46 million in a full year, including the parallel increases in customs duties and the consequential increases in the sales tax.

I am proposing some technical amendments which will affect the application of the Excise Tax Act to toilet goods and pharmaceuticals. These amendments will go some way toward implementing one of the recommendations contained in the report of the sales tax committee of 1956.

Briefly, they will extend the definition of manufacturing to the packaging of toilet preparations and pharmaceuticals except where this is done in a retail store for sale directly to consumers and will also extend the definition of manufacturer to any person who markets private brand toilet preparations and pharmaceuticals except a retailer who sells directly and exclusively to consumers.

This amendment will apply to both the sales tax and the special 10 per cent excise tax.

After careful consideration, I am convinced that a serious degree of inequity exists at present in the application of the Excise Tax to toilet goods and pharmaceuticals. This is why I am proposing these amendments. In some instances, one domestic manufacturer is being treated unfairly in comparison with another, merely because of the way his business is organized. In other important instances products of domestic manufacture are being taxed more stringently than comparable imported products. The amendments I am bringing forwards are designed to rectify these situations.

These present recommendations may be regarded as portions of the continuing program of reviewing the operation of the Excise Tax Act and of implementing, where appropriate, certain parts of the report of the sales tax committee of 1956.

I have received a number of requests for the exemption of particular products from sales or excise taxes. Because of the need for revenues I find myself unable to comply with any of these requests this year, apart from minor technical exceptions.

The bill to amend the Excise Tax Act will also contain a number of amendments providing technical and administrative changes. None of these latter amendments is expected to have any significant effect on revenue.

CUSTOMS TARIFF

I now turn to the Customs Tariff. I have a substantial number of changes to propose to the house tonight. The main group relates

to fruits and vegetables. For the convenience of honourable members, I have consolidated these changes, affecting eighty-one tariff items and sub-items, into a single resolution. Another resolution contains the nine changes that we are making as a result of renegotiating the most-favoured-nation rates on woollens and worsteds. Another resolution clarifies the interpretation to be given to the word "machinery" throughout the tariff. And still another embraces all changes of a miscellaneous character.

It might be of interest to note that 142 tariff items and sub-items are affected by the resolutions. In the case of 32 items the rates of duty are being increased. In the case of 40 items rates are being reduced. In the case of nine items, all involving fruits and vegetables, rates are being both increased and decreased depending on the season. Finally, there are 61 items for which rates of duty are left unchanged and for which the changes proposed are, for the most part, purely formal.

In every case where an increase is proposed in a rate that was bound in one way or another under our trade agreements, the appropriate negotiations or consultations have been undertaken and are either concluded or virtually concluded.

The house will recall that, on November 17, 1957, I tabled an extensive report by the tariff board on fruits and vegtables. Broadly speaking, the changes in the tariff items on fruits and vegetables that I am submitting tonight flow from that report.

The government undertook to negotiate the tariff changes proposed by the board, under the terms of our trade agreements, with the countries concerned—that is to say, chiefly with the United States, but also with other countries supplying us with small quantities of fruits or vegetables. We recognized that, as in all such negotiations, we would either have to "compensate" for the increase in some tariff rates by reductions in others, or else face retaliatory tariff increases against our fruits, vegetables or other products entering the United States and other countries. Accordingly, before negotiations began, we consulted the Canadian horticultural council about possible supplementary changes in our tariffs on fruits and vegetables which might be used by way of compensation.

In the end, the negotiations ranged over almost the whole of our tariff schedule on fruits and vegetables. While the negotiations have been friendly, they have not been easy. The results, however, can be regarded as satisfactory. Details are to be found in the resolution on the fruit and vegetable tariff schedule that I am tabling tonight. For the convenience of hon. members I have divided this resolution into three sections: one sets out changes of substance, both increases and decreases in rates; another contains other changes of a purely formal nature, such as the renumbering of tariff items; a third was required to make a minor change in our trade agreement with New Zealand.

Three of the most important changes are as follows: The duty on potatoes, table and seed, new and old, will hereafter, as recommended by the tariff board, be 37½ cents per cwt. throughout the year. Thus, at last, we regain substantial reciprocity with the rates applied to our potatoes by the United States—that is to say, reciprocity with the rates applied to the bulk of our shipments to that country. Our seasonal duty applying to imported peaches remains at 1½ cents a pound, but it will hereafter be in force for 14 instead of 9 weeks each year. In respect of apples we are moving to complete reciprocity with the United States; the duty on imported apples will hereafter be ¼ cent a pound all the year round, instead of free for 10 weeks and ⅜ cent a pound for the rest of the year.

The list of products is lengthy. I can summarize the changes broadly, indicating first what is happening to the "in-season" duties and second what is happening to the "out-of-season" duties. As for the "in-season" situation, the special seasonal duties will be increased or the seasonal period improved, or both, for the following products: asparagus, Brussels sprouts, cabbage, carrots, cauliflower, celery, corn-on-the-cob, cucumbers, lettuce, onions, peppers, parsnips, apricots, sour cherries, pears and prunes. Further, an additional duty of 5 per cent will be charged on green beans, Brussels sprouts, carrots, beets, cauliflower, lettuce, peas, parsnips and corn-on-the-cob when imported in season in consumer-type packages.

Turning to the out-of-season situation, for most products the duty continues to be 10 per cent as at present; but for a number of important products a period of free-entry will now be permitted during part or all of the "off-season". These off-season arrangements, which will benefit Canadian consumers without, we believe, damaging Canadian producers, will apply to the following products: beans, cabbage, carrots, cauliflower, celery, lettuce, peppers, tomatoes, cantaloups, pears, plums and strawberries.

Turning to the canned and frozen products there are modest increases of duty consequential upon the increased protection received by the fresh products. These increases apply to asparagus, Brussels sprouts, apricots, cherries, peaches and prunes. Certain commonwealth countries send us some canned fruits and, following discussions with them,

we are adjusting preferential rates on these products so as to maintain existing preferential margins.

I now turn to textiles. In September 1957 I referred to the tariff board the whole of the textile schedule, including yarns, fabrics and made-up goods, and at that time I invited the board's recommendations. The board has, up to the present, submitted reports on woollen and worsted fabrics, on woollen yarns, on cotton yarns and fabrics, and on textile wastes. It has also held hearings on synthetic fibres and fabrics, and I expect to receive that report shortly. Thus, most of the more important items have now been considered. The board has yet to hold hearings, however, on a substantial number of items, many of them of no wide significance but some of considerable importance to the groups directly affected.

It would have been unfair and undesirable to delay action on any of these numerous textile items until the board had reported on all of them. I am sure the house would wish the government to take or to initiate action on individual groups of items as soon as practicable after receiving the board's recommendations, and this is the policy that the government is following. However, we are bound to act within the framework of our trade agreements; these may involve preparatory procedures in addition to the negotiations themselves which usually occupy many months. Moreover, since some groups of textile tariff items are closely linked to others, it may be contrary to our commercial interests to try to negotiate one group before we are in a position also to negotiate another.

In my last budget I took the first step towards our general revision of the textile schedule by introducing modest increases in the British preferential rates on woollens and worsteds under tariff item 554b.

At the same time I announced the government's intention to renegotiate the most-favoured-nation rates on that item with a view to restoring the margin of British preference. Accordingly, tonight I am announcing new most-favoured-nation rates under that item as follows: for fabrics weighing 12 ounces or more per square yard a rate of 27½ per cent plus 33 cents per pound; for fabrics weighing less than 12 ounces a rate of 27½ per cent plus 38 cents; and for fabrics weighing not more than 9 ounces a maximum duty of $1.10 per pound. The increases in these rates correspond with the modest increases in the preferential rates introduced last year, so that the margin of preference previously in effect is now being restored.

Our negotiations regarding increases in our M.F.N. duties on woollens and worsteds have been conducted with Italy and France. By way of compensation we are granting reduced rates on a special type of wool fabric—fabrics for neckties and scarves—and also on perfumes, aperitif wines, ports, sherries and manufactures of marble.

We have taken steps under our trade agreements to initiate negotiations on other textile items, including cotton yarns and fabrics. The house may be assured that we shall move forward as quickly as may be practicable.

A brief reference should, perhaps, be made to other reports of the tariff board that have been received and tabled since my last budget: Those relating to rubber footwear and to fluorspar. In neither case did the board recommend any change in the tariff structure, and no change is proposed.

This concludes what needs to be said about the disposition of reports from the tariff board. However, the resolutions I am tabling for the amendment of the Customs Tariff cover other matters as well. For the most part the changes that are put forward are of miscellaneous character, of considerable interest to those directly concerned but of no very general interest. There is, however, one group of changes to which I should call attention.

I have been giving thought to various representations that have been made to the government regarding a very important concept which runs through our Customs Tariff: the concept that the protection afforded to goods which are ruled by the Department of National Revenue or the courts to be of a "class or kind" made in Canada should receive greater protection than similar goods of a "class or kind" not made in Canada. This differentiation, based on "class or kind", is to be found in many individual tariff items and also in our anti-dumping and countervailing duties.

Some of the representations have suggested legislation which would define or re-define the words "class or kind" in such a way as to enlarge the range of goods that are now deemed to be made in this country and thus given the greater protection. It is questionable, however, whether an over-riding measure, involving a departure from present practices and present interpretations, is in the national interest. I am not prepared, at this stage, to propose a general measure to broaden the range of goods that receive protection on a made-in-Canada basis. On the other hand, I am prepared to propose particular measures to prevent this range of goods from becoming narrower. In this connection important representations have been received from Canadian manufacturers of machinery, and I am proposing two steps tonight that will be of interest to them.

One of the problems to be met is this. Most machines now enter Canada, not under tariff items naming particular types of machine, but under items providing for machinery in general. These items provide for relatively high rates of duty on machines of a class or kind made in Canada and relatively low rates on those of a class or kind not made here. Experience has shown that, with the increasing complexity and variety of modern machines, these "class or kind" provisions create uncertainties. Much time and expense are involved in trying to clarify "class or kind" questions before the courts.

I propose to resolve these issues in six important fields by introducing six new tariff items tonight. Each of these items will specifically name one class or kind of machine, which has been ruled to be made in Canada, and will apply the tariffs rate that is now applicable to it. Thus, there will be no change whatever in the immediate situation. But all concerned, and particularly the Canadian manufacturers and users of these machines, will be able to make plans and contracts on a firm basis and without fear of protracted and costly litigation. The six are: fork-lift trucks, paper-mill machines, power cranes, power shovels, machines for generating electricity, and vending machines.

The second problem to be met stems from modern automation. Machines are becoming not only more complex but also more closely interwoven and intertwined—linked together, in many cases, under complicated control systems. This has raised a question: What is the difference, if any, between "machinery" and "a machine"? Let me illustrate the problem. The word "machinery" might be interpreted to cover a series of machines, interlinked with each other and under a common control system. If so, and if one or more of this series of interlinked machines was not made in Canada, then our customs department and our courts might feel bound to rule that the machinery, the assembly taken as a whole, was of a class or kind not made here. As such, the whole assembly would be entitled to low rates of duty even though some of the individual machines were of a class or kind made in this country and would thus have been entitled to substantially higher protection.

To avert this risk of loss of protection I am tonight inviting the house to insert a new definition or interpretation in the Customs Tariff. Under this, wherever the word "machinery" appears in the tariff it will be defined to have the same meaning as the word "machines". Here, again, there will be no change whatever in any rates of duty that are being applied at present; but I hope we shall be avoiding serious difficulties and uncertainties that might have arisen in the future.

In concluding my proposals regarding changes in the Customs Tariff, I should say a word about their effect on the revenues. Hon. members will have observed that, while some of the changes in rates are upwards, others are downwards. Only one of the changes affects a tariff item which yields us substantial revenue—an increase of $1 per gallon on imported spirits bringing this rate into line with the higher domestic excise duty to which I have already referred. Apart from this change, it is reasonable to assume that the tariff changes I am proposing tonight will not appreciably influence the balance of ways and means in the coming year.

SUMMARY AND CONCLUSION

That, Mr. Speaker, concludes my budgetary proposals for the year upon which we are just entering. In summary may I remind you that our budgetary expenditures, which exclude the old age security fund, are expected to be $5,660 million; our budgetary revenues after giving effect to the tax changes I have proposed are estimated at $5,267 million; and the indicated deficit for 1959-60 is $393 million.

In reviewing our cash requirements earlier this evening I estimated our extra-budgetary cash needs at about $400 million. To this sum I must now add the expected deficit of $42 million in the old age security fund which is not being charged against the current budget. In round figures, therefore, our net cash requirements outside the budget will be about $450 million, and this added to the budgetary deficit, means that our net borrowing requirements this year will be of the order of $850 million, or some $400 million less than in the year just ended. With a good response to our Canada savings bond campaign this year, our net market borrowings in 1959-60 should be less than one half of the $1,220 million borrowed in the market in 1958-59. Since our flow of revenues will be at a rising rate throughout the year, partly because of expanding prosperity and partly because some of the increased taxes do not come into full effect until later in the year, our new borrowing needs are likely to fall more heavily in the first half of the fiscal year than in the second half.

May I now insert here, Mr. Speaker, my final table which shows the effect of the proposed tax increases on the budgetary levies, on the old age security fund contributions, and the combined increases.

Table 8

Revenue forecasts—After tax changes
(in millions of dollars)

	Revenue added Full year	Revenue added In 1959-60	Total revenue in 1959-60
(a) Budgetary Levies			
Personal income tax	$ 54	$ 28	$1,578
Corporation income tax	56	32	1,097
Non-resident tax			75
Estates tax			75
Customs duties	3	3	528
Sales tax	1	1	756
Other duties and taxes	42	38	648
Total taxes	156	102	4,757
Non-tax revenue			510
Total revenue	$156	$102	$5,267
(b) Old age security fund contributions			
Personal income	$ 75	$ 41	$191
Corporation income	28	20	76
Sales tax	93	82	269
Total	$196	$143	$536
(c) Combined increases			
Personal income tax	$129	$ 69	
Corporation income tax	84	52	
Sales tax	93	82	
Cigars, cigarettes and spirits	46	42	
Total	$352	$245	

It will be seen that the total tax increases proposed amount to $352 million in a full year and $245 million in this fiscal year. This increase will, in a full year, balance the increased cost of old age pensions and the enlarged social security program.

(Translation):

Mr. Speaker, Canada has its share of problems, some arising out of international disagreements and tensions, and others resulting from the process of growth of our nation. With courage and firmness, none of those difficulties are insuperable. So long as our problems are only in the nature of growing pains, we can look to the future with confidence and assurance.

We have withstood the disturbing calm of recession, and the winds of prosperity again fill our sails, as the basic strength and firmness of the Canadian economy again assert themselves. With a united, determined and confident population, Canada marches on unflinchingly towards its bright destiny.

(Text):

Just as last year's budget was designed to meet 1958 economic conditions and needs, so this year's budget is designed to meet the changed conditions and needs of 1959. In a period when economic conditions are undergoing rapid change, our approach to our fiscal problems must be flexible and adaptable.

This budget has been designed to foster and promote recovery. Our aim is to maintain a sustainable rate of growth in terms of employment, development of resources and a sound dollar, so that Canadians everywhere may find full expression for their enterprise, industry and aspirations as free men and women.

Canada has no reason for fear. Blessed as she has been by a benign Providence above all other lands, she can face her shining future with utmost confidence.

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1960 and subsequent taxation years each of the graduated rates of tax at present applicable to individuals on taxable income in excess of $3,000 be increased by two percentage points and that for the 1959 taxation year each of the graduated rates of tax applicable to individuals on taxable income in excess of $3,000 be increased by one percentage point.

2. That with respect to income of corporations earned on and after January 1, 1959 the 45 per cent rate of tax on taxable income in excess of $25,000 be increased to 47 per cent and the 43 per cent rate of tax on taxable income in excess of $25,000 applicable to corporations deriving more than half their gross revenue from the sale for delivery in Canada of electrical energy, gas or steam be increased to 45 per cent.

3. That commencing January 1, 1959 the definition of medical expenses exclude those amounts which the taxpayer is not required to pay because they are paid with the assistance of the government of Canada under the Hospital Insurance and Diagnostic Services Act.

4. That amounts paid on or after January 1, 1959 for iliostomy and colostomy pads, crutches, trusses for hernia and rocking beds for poliomyelitis patients be included in the medical expenses that are deductible in computing taxable income.

5. That for the 1959 and subsequent taxation years an individual be allowed to deduct in computing income, in addition to the amounts now permitted by the Act, any amount received by him out of a pension fund or plan upon withdrawal or retirement from employment or upon the winding up of the fund, not exceeding the portion thereof that is paid in the year, or within 60 days after the end of the year, as a contribution to a registered pension fund or plan or as a premium under a registered retirement savings plan.

6. That with respect to deaths occurring after April 9, 1959 the exemption for a portion of a death benefit paid by an employer upon or after the death of an officer or employee in recognition of his service be changed from an amount equal to the employee's remuneration for the last 90 days in the office or employment to an exemption for an amount equal to the remuneration of the employee for the last 12 months in the office or employment or the amount of $10,000 whichever is the lesser.

7. That for 1960 and subsequent taxation years there shall be included as income from an office or employment the amount of the benefit which an employee derives by virtue of the payment by his employer of a premium under a group life insurance plan to provide the employee with life insurance coverage to the extent that it is in excess of $25,000.

8. That the time within which a notice of objection to an assessment issued after February 8, 1959 must be served be increased from 60 to 90 days from the day of mailing of the notice of assessment.

9. That the privilege of qualifying as a foreign business corporation be withdrawn except for those corporations that were so qualified for the 1958 taxation year.

EXCISE ACT

Resolved that it is expedient to introduce a measure to amend the Excise Act to provide:

1. That the duty of excise on spirits distilled in Canada be increased from $12 to $13 per proof gallon.

2. That the duty of excise on Canadian brandy be increased from $10 to $11 per proof gallon.

3. That the duty of excise on cigars be increased from $1 per 1000 to $2 per 1000.

4. That any enactment founded upon this resolution be deemed to have come into force on the 10th day of April, 1959.

EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act to provide:

1. That the excise tax on each five cigarettes or fraction of five cigarettes contained in any package be increased from 2 cents to 2½ cents;

2. That the wording of the exemption from sales tax for "stock conditioners, condiments and feed supplements for addition to poultry, cattle and other stock feeds" in Schedule III be changed to read:

"Feed supplements for addition to poultry, cattle and other stock feeds and materials to be used exclusively in the manufacture thereof";

[Mr. Fleming (Eglinton).]

3. That the exemption from sales tax for tanks for collecting milk be extended to include complete parts therefor including materials to be used exclusively in the manufacture of such tanks and parts;

4. That the definition of "producer or manufacturer" be extended to include any person who packages toilet articles, preparations, cosmetics or pharmaceuticals for sale except where they are packaged by a retailer in his retail premises for sale therefrom directly to consumers or users;

5. That the definition of "manufacturer or producer" be extended to include any person who markets, except by sale at retail directly to consumers or users, toilet articles, preparations, cosmetics or pharmaceuticals manufactured under his own brand;

6. That the sales tax be imposed, levied and collected on goods purchased or imported by a licensed wholesaler and retained for his own use or for rental to others;

7. That any enactment founded upon this resolution be deemed to have come into force on the 10th day of April, 1959;

and to provide further for certain changes in connection with the administration of the act.

THE CUSTOMS TARIFF

1. Resolved,

(a) that it is expedient to amend the English version of the Customs Tariff by adding to section two thereof the following subsection:

(3) The word "machinery" wherever it appears in this Act shall be read and construed as "machines";

(b) that it is expedient to amend the Customs Tariff by striking out section 13 and substituting the following therefor:

13. (1) The Minister may order that, in lieu of the ad valorem rate of duty or the free rate of duty, the specific duty provided in tariff items 87, 92, 94, 95 and 95a shall apply to goods described in the order imported through ports in a region or part of Canada during such period or periods as may be fixed by the Minister.

(2) If, before the coming into operation of an order under subsection (1), a person purchased goods for importation through a port in a region or part of Canada specified in the order, in the expectation in good faith that the ad valorem rate of duty or the free rate of duty would apply to the goods, and at the time of the coming into operation of the order the goods were in transit to the purchaser in Canada, the ad valorem rate of duty or the free rate of duty shall apply to the goods, notwithstanding the order.

2. Resolved,

(*a*) that Schedule A to *The New Zealand Trade Agreement Act, 1932* be amended by striking out tariff item 106 and the enumeration of goods and the rates of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rates of duty:

Tariff Item		Tariff Rates on Goods the Produce or Manufacture of New Zealand	Rates in Effect Prior to Rates Proposed in This Budget
106	Fruits, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:		
	(*1*) Apricots	1½ cts. per pound	1 ct. per pound
	(*2*) *Cherries*	1½ cts. per pound	1 ct. per pound
	(*3*) Peaches	1¼ cts. per pound	1 ct. per pound
	(*4*) Pears	1 ct. per pound	1 ct. per pound
	(*6*) *Prunes*	1⅓ cts. per pound	1 ct. per pound
	(*8*) N.o.p.	1 ct. per pound	1 ct. per pound

(*b*) that Schedule A to the *Customs Tariff* be amended by striking out tariff items 83*b*, 84, 85, 87, 89, 90*e*, 92, 93, 95, 99*d*, 105*i*, 106 and 505*c*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
85	Mushrooms, fresh, the weight of the packages to be included in the weight for duty.....per pound	1 ct.	4½ cts.	5 cts.	Free	3½ cts. or 10 p.c.	3½ cts. or 10 p.c.
87	Vegetables, fresh, in their natural state, the weight of the packages to be included in the weight for duty:						
	(2) Asparagus.....per pound	Free	3½ cts. or 10 p.c.	3½ cts. or 10 p.c.	Free	3½ cts. or 10 p.c.	3½ cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *14* weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(3) Beans, green.....per pound	Free	1½ cts. or Free	1½ cts. or Free	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 14 weeks which may be divided into two separate periods, and the *Free* rate shall apply whenever the specific duty is not in effect.						
	(5) Brussels sprouts.....per pound	Free	3 cts. or 10 p.c.	3 cts. or 10 p.c.	Free	10 p.c.	30 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 16 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(6) Cabbage.....per pound	Free	Free or 9/10 ct. or 10 p.c.	Free or 9/10 ct. or 10 p.c.	Free	9/10 ct. or 10 p.c.	9/10 ct. or 10 p.c.
	The Free rate shall apply during the months of March and April.						
	During the remaining months in any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *30* weeks which may be divided into two separate periods, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						

(7) Carrots.....per pound	Free	1 ct. or Free	1 ct. or Free	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *40* weeks which may be divided into two separate periods, and the *Free* rate shall apply whenever the specific duty is not in effect.						
(8) Cauliflower.....per pound	Free	Free or ¾ ct. or 10 p.c.	Free or ¾ ct. or 10 p.c.	Free	¾ ct. or 10 p.c.	¾ ct. or 10 p.c.
The Free rate shall apply during the months of January, February, March and April. During the remaining months in any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *20 weeks which may be divided into two separate periods*, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
(9) Celery.....per pound	Free	2 cts. or Free	2 cts. or Free	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 24 weeks, and the *Free* rate shall apply whenever the specific duty is not in effect.						
(10) *Corn on the cob.....per pound*	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c.	Free	10 p.c.	30 p.c.
In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 8 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
(11) *Cucumbers when imported by manufacturers for use in the manufacture of pickles or preserves*.....	Free	10 p.c.	20 p.c.	Free	2¼ cts. per lb. or 10 p.c.	2¼ cts. per lb. or 10 p.c.
(12) Cucumbers, *n.o.p.* per pound	Free	2¼ cts. or 10 p.c.	2¼ cts. or 10 p.c.	Free	2¼ cts. or 10 p.c.	2¼ cts. or 10 p.c.
In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *22 weeks which may be divided into two separate periods*, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
(13) Eggplant.....	10 p.c.	10 p.c.	30 p.c.	Free	Free	30 p.c.
(15) Lettuce.....per pound	Free	.85 ct. or Free	.85 ct. or Free	Free	.85 ct. or 10 p.c.	1 ct. or 10 p.c.
In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *26* weeks which may be divided into two separate periods and the *Free* rate shall apply whenever the specific duty is not in effect.						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Rates in Effect Prior to Rates Proposed in this Budget: Most-Favoured-Nation Tariff	Rates in Effect Prior to Rates Proposed in this Budget: General Tariff
87 (*con.*)	(*17*) Onions, n.o.p.....per pound	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c.	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *44 weeks which may be divided into two separate periods*, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*19*) *Parsnips*.....*per pound*	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.	Free	10 p.c.	30 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 36 weeks which may be divided into two separate periods, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*21*) *Peppers*.....*per pound*	Free	1 ct. or Free	1 ct. or Free	Free	10 p.c.	30 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 8 weeks, and the Free rate shall apply whenever the specific duty is not in effect.						
	(*23*) Spinach.....	Free	Free	30 p.c.	Free	10 p.c.	30 p.c.
	(*24*) Tomatoes.....per pound	Free	Free or 1½ cts. or 10 p.c.	Free or 1½ cts. or 10 p.c.	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c.
	The Free rate shall apply during the months of January, February and March.						
	During the remaining months in any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 32 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*26*) Whitloof or endive.....	10 p.c.	10 p.c.	30 p.c.	Free	Free	30 p.c.
	When the beans (green), beets, Brussels sprouts, carrots, cauliflower, corn on the cob, lettuce, parsnips or peas specified in this item are subject to the specific rates of duty and are imported in packages weighing five pounds or less, each, they shall be subject to an additional duty of	Free	5 p.c.	10 p.c.			

89	Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:						
	(1) *Asparagus*	7½ p.c.	22½ p.c.	30 p.c.	Free	15 p.c.	30 p.c.
90	*Vetetables, frozen:*						
	(1) *Asparagus*	15 p.c.	22½ p.c.	30 p.c.	10 p.c.	17½ p.c.	30 p.c.
	(2) *Brussels sprouts*	15 p.c.	22½ p.c.	30 p.c.	10 p.c.	17½ p.c.	30 p.c.
92	Fruits, fresh, in their natural state, the weight of the packages to be included in the weight for duty:						
	(1) Apricots ..... per pound	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c.	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 10 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(2) *Cherries, sour* ..... *per pound*	Free	3 cts. or 10 p.c.	3 cts. or 10 p.c.	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *10* weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(4) Cranberries ..... per pound	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 12 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(5) Peaches ..... per pound	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c.	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *14* weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(6) Pears ..... per pound	Free	Free or 1 ct. or 10 p.c.	Free or 1 ct. or 10 p.c.	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
92 (*con.*)	*The Free rate shall apply during the months of March, April, May and June.* During the remaining months in any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *22* weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*7*) Plums.....per pound	Free	Free or 1 ct. or 10 p.c.	Free or 1 ct. or 10 p.c.	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
	The Free rate shall apply during the months of May and June. During the remaining months in any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 10 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*8*) Prunes.....per pound	Free	1½ cts. or 10 p.c.	1½ cts. or 10 p.c	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of *12* weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*11*) Strawberries.....per pound	Free	Free or 1⅜cts. or 10 p.c.	Free or 1⅜ cts. or 10 p.c.	Free	1⅜ cts. or 10 p.c.	1⅜ cts. or 10 p.c.
	The Free rate shall apply during the months of September, October, November, December, January, February and March. During the remaining months in any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 6 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
93	Apples, fresh, in their natural state, the weight of the packages to be included in the weight for duty.. .....per pound	Free	1/4 ct.	20 p.c.	Free	Free or 3/8 ct. per lb.	20 p.c.

95	Cantaloupes, the weight of the packages to be included in the weight for duty.....per pound	Free	1¼ cts. or Free	1¼ cts. or Free	Free	1¼ cts. or 10 p.c.	1¼ cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 8 Weeks, and the *Free* rate shall apply whenever the specific duty is not in effect.						
99*d*	(1) Dates, unpitted, in bulk.....per pound	Free	Free	2/3 ct.	Free	1/2 ct.	2/3 ct.
	(2) Dates, unpitted, n.o.p.....per pound When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.	Free	Free	2½ cts.	1/2 ct.	1/2 ct.	2½ cts.
106	Fruits, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:						
	(*1*) Apricots.....per pound	2½ cts.	2½ cts.	5 cts.	2 cts.	2 cts.	5 cts.
	(*2*) *Cherries*.....*per pound*	1½ cts.	1½ cts.	5 cts.	1 ct.	1 ct.	5 cts.
	(*3*) Peaches.....per pound	1¾ cts.	2¼ cts.	5 cts.	1½ cts.	2 cts.	5 cts.
	(*6*) *Prunes*.....*per pound*	1⅓ cts.	1 1/3 cts.	5 cts.	1 ct.	1 ct.	5 cts.
107	*Fruits, frozen:*						
	(*2*) *Cherries*.....*per pound*	2½ cts.	3 cts.	3 cts.	1½ cts.	2 cts.	3 cts.
	(*3*) *Peaches*.....*per pound*	2 cts.	2½ cts.	3 cts.	1½ cts.	2 cts.	3 cts.
187*d*	*Sensitized photographic rolls consisting of a photo-sensitive layer and a positive receiving layer, for use in cameras for making positives*.....	Free	15 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
505*c*	Flooring of beech, birch, maple or oak, tongued and grooved, or jointed; *floor tiles made of individual strips of beech, birch, maple or oak, joined together*.....	12½ p.c.	12½ p.c.	25 p.c.	12½ p.c. 17½ p.c.	12½ p.c. 20 p.c.	25 p.c. 25 p.c.

(c) that Schedule A to the *Customs Tariff* be amended by striking out tariff items 95*a*, 95*b* and 107, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

84	Onion sets and shallots, in their natural state.....	Free	15 p.c.	30 p.c.	Free	15 p.c.	30 p.c.
85*a*	Mushrooms, dried or otherwise preserved.....	Free	12½ p.c.	30 p.c.	Free	12½ p.c.	30 p.c.
85*b*	Truffles, fresh, dried or otherwise preserved.....	Free	10 p.c.	30 p.c.	Free	10 p.c.	30 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
87	Vegetables, fresh, in their natural state, the weight of the packages to be included in the weight for duty:						
	(*1*) Artichokes	Free	Free	30 p.c.	Free	Free	30 p.c.
	(*4*) Beets....per pound	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.	Free	1 ct. or 10 p.c.	1 ct. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 26 weeks which may be divided into two separate periods, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*14*) Horseradish	Free	Free	30 p.c.	Free	Free	30 p.c.
	(*16*) Okra	Free	Free	30 p.c.	Free	Free	30 p.c.
	(*18*) Parsley	Free	10 p.c.	30 p.c.	Free	10 p.c.	30 p.c.
87	(*20*) Peas, green....per pound	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 12 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*22*) Rhubarb....per pound	Free	½ ct or. 10 p.c.	½ ct. or 10 p.c.	Free	½ ct. or 10 p.c.	½ ct. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 10 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(*25*) Watercress	Free	10 p.c.	30 p.c.	Free	10 p.c.	30 p.c.
	(*27*) N.o.p.	Free	10 p.c.	30 p.c.	Free	10 p.c.	30 p.c.
89	Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:						
	(*2*) Beans, baked or otherwise prepared....per pound	Free	1 ct.	3 cts.	Free	1 ct.	3 cts.

	(3) Corn.....per pound	Free	1½ cts.	3 cts.	Free	1½ cts.	3 cts.
	(4) Peas.....per pound	Free	1½ cts.	3 cts.	Free	1½ cts.	3 cts.
	(5) Tomatoes.....per pound	Free	2 cts.	3 cts.	Free	2 cts.	3 cts.
	(6) N.o.p.....	Free	15 p.c.	30 p.c.	Free	15 p.c.	30 p.c.
90	Vegetables, frozen: (3) N.o.p.....	10 p.c.	17½ p.c.	30 p.c.	10 p.c.	17½ p.c.	30 p.c.
92	Fruits, fresh, in their natural state, the weight of the packages to be included in the weight for duty:						
	(3) Cherries, *sweet*.....per pound	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 7 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(9) Quinces and nectarines.....	Free	10 p.c.	20 p.c.	Free	10 p.c.	20 p.c.
	(10) Raspberries and loganberries.....per pound	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.	Free	2 cts. or 10 p.c.	2 cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 6 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
	(12) Berries, edible, n.o.p.....	Free	10 p.c.	20 p.c.	Free	10 p.c.	20 p.c.
95a	Muskmelons, the weight of the packages to be included in the weight for duty.....per pound	Free	1¼ cts. or 10 p.c.	1¼ cts. or 10 p.c.	Free	1¼ cts. or 10 p.c.	1¼ cts. or 10 p.c.
	In any 12 month period ending March 31, the specific duty shall not be maintained in force in excess of 8 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.						
95b	Melons, n.o.p.....each	Free	Free	3 cts.	Free	Free	3 cts.
95c	Passion fruit (passiflora edulis).....	Free	15 p.c.	20 p.c.	Free	15 p.c.	20 p.c.
105i	Preserved ginger.....	25 p.c.	35 p.c.	35 p.c.	25 p.c.	35 p.c.	35 p.c.

Tariff Item	——	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
106	Fruits, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:						
	(4) Pears.....per pound	2 cts.	2 cts.	5 cts.	2 cts.	2 cts.	5 cts.
	(5) Pineapples.....per pound	1 ct.	2 cts.	5 cts.	1 ct.	2 cts.	5 cts.
	(7) Mixtures containing peaches, pears or apricots per pound	2 cts.	2 cts.	5 cts.	2 cts.	2 cts.	5 cts.
	(8) N.o.p.....per pound	1 ct.	1 ct.	5 cts.	1 ct.	1 ct.	5 cts.
107	*Fruits, frozen:*						
	(1) *Blueberries.....per pound*	1¼ cts.	1¾ cts.	3 cts.	1¼ cts.	1¾ cts.	3 cts.
	(4) N.o.p.....per pound	1½ cts.	2 cts.	3 cts.	1½ cts.	2 cts.	3 cts.

3. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 160, 162(*b*), 163(3), 307*a* and 554*b*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

160	Alcoholic perfumes:						
	(*a*) When in bottles or flasks containing not more than four ounces each.....	22½ p.c.	22½ p.c.	90 p.c.	25 p.c.	25 p.c.	90 p.c.
	(*b*) When in bottles, flasks or other packages, containing more than four ounces each.....per gallon	$4.00	$4.00	$5.00	$4.00	$4.00	$5.00
	and		22½ p.c.	40 p.c.		25 p.c.	40 p.c.
162	(*b*) Vermouth, aperitif and cordial wines, containing more than thirty-two per cent of proof spirit and not more than forty per cent of proof spirit.....	50 p.c.	50 p.c.	80 p.c.	80 p.c.	80 p.c.	80 p.c.
	And in addition thereto, under all tariffs 42½ cents per gallon						
163	(3) Wines of all kinds, n.o.p., including orange, lemon, strawberry, raspberry, elder and currant wines, containing more than twenty-four per cent but not more than twenty-six per cent of proof spirit, whether imported in wood or in bottles.....per gallon	50 cts.	50 cts.	55 cts.	55 cts.	55 cts.	55 cts.
	and			30 p.c.			30 p.c.

	And in addition thereto, for each degree of strength in excess of twenty-six per cent of proof spirit until the strength reaches forty per cent of proof spirit.....	3 cts.	3 cts.	3 cts.	3 cts.	3 cts.	3 cts.
	And in addition thereto, under all tariffs $42\frac{1}{2}$ cents per gallon						
307*a*	Manufactures of marble, n.o.p.....	20 p.c.	$22\frac{1}{2}$ p.c.	40 p.c.	20 p.c.	25 p.c.	40 p.c.
554*b*	(1) Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.....	20 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.	20 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.
	and, per pound	20 cts.	38 cts.	40 cts.	20 cts.	30 cts.	35 cts.
	The total duty leviable shall not be in excess of.....per pound	60 cts.	.....		60 cts.		
	(2) Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces to the square yard.....	20 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.	20 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.
	and, per pound	15 cts.	33 cts.	40 cts.	15 cts.	30 cts.	35 cts.
	The total duty leviable shall not be in excess of per pound	55 cts.	.....		55 cts.		
	(3) Woven fabrics composed wholly or in chief part by weight of yarns of wool or hair and weighing not more than nine ounces to the square yard, n.o.p......	20 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.	20 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.
	and, per pound	20 cts.	38 cts.	40 cts.	20 cts.	30 cts.	35 cts.
	The total duty leviable shall not be in excess of...per pound	60 cts.	$1.10	.....	60 cts.	$1.00	
554*g*	*Woven fabrics composed wholly or in part of yarns of wool, imported in the web in lengths of not less than five yards each, for use exlusively in the manufacture of neckties, scarves or mufflers*.....	Free	15 p.c.	40 p.c.	20 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.
	and, per pound			40 cts.	20 cts.	30 cts.	35 cts.
	In the case of such fabrics weighing not more than nine ounces to the square yard, the total duty leviable shall not be in excess of.....per pound.....		$1.10	.....	60 cts.	$1.00	

4. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 28, 72*a*, 82*f*, 134, 135, 143, 156, 180*a*, 296*g*, 351*c*, 399*a*, 409*f*, 414*a*, 427, 438*b*, 438*c*, 438*d*, 438*e*, 438*m*, 440*c*, 440*k*, 442*b*, 442*c*, 446*e*, 462*d*, 462*i*, 502, 502*c*, 504*a*, 505*a*, 682, 691(1) and 696*a*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

27	Coffee, green, n.o.p.....per pound	Free	2 cts.	5 cts.	Free	2 cts.	5 cts.
27a	*Coffee, green, for use in the manufacture of coffee extract* *per pound*	Free	Free	5 cts.	Free	Free	5 cts.
72*a*	Aromatic seeds, not advanced in value or condition by grinding or refining or by any other process of manufacture, namely: Anise, anise star, caraway, cardamon, coriander, cumin, fennel and fenugreek.....	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
79h	*Multiflora rosebushes*	12½ p.c.	12½ p.c.	30 p.c.	1½ cts. each	3 cts. each	7 cts. each.
79i	Rosebushes, n.o.p.....each	1½ cts.	3 cts.	7 cts.	1½ cts.	3 cts.	7 cts.
82i	*Highbush blueberry plants, roots and cuttings, for propagation or growing purposes*	Free	Free	30 p.c.	12½ p.c.	12½ p.c.	30 p.c.
134	All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, not covered by tariff item No. 135, when not exceeding eighty-eight degrees of polarization.....per one hundred pounds	83 cts.	$1.50	$1.50	83 cts.	$1.50	$1.50
	When exceeding eighty-eight degrees but not exceeding eighty-nine degrees.....per one hundred pounds	85 cts.	$1.53	$1.53	85 cts.	$1.53	$1.53
	When exceeding eighty-nine degrees but not exceeding ninety degrees.....per one hundred pounds	87 cts.	$1.55	$1.55	87 cts.	$1.55	$1.55
	When exceeding ninety degrees but not exceeding ninety-one degrees.....per one hundred pounds	89 cts.	$1.58	$1.58	89 cts.	$1.58	$1.58
	When exceeding ninety-one degrees but not exceeding ninety-two degrees.....per one hundred pounds	91 cts.	$1.62	$1.62	91 cts.	$1.62	$1.62
	When exceeding ninety-two degrees but not exceeding ninety-three degrees.....per one hundred pounds	93 cts.	$1.65	$1.65	93 cts.	$1.65	$1.65
	When exceeding ninety-three degrees but not exceeding ninety-four degrees.....per one hundred pounds	95 cts.	$1.68	$1.68	95 cts.	$1.68	$1.68
	When exceeding ninety-four degrees but not exceeding ninety-five degrees.....per one hundred pounds	97 cts.	$1.70	$1.70	97 cts.	$1.70	$1.70
	When exceeding ninety-five degrees but not exceeding ninety-six degrees.....per one hundred pounds	99 cts.	$1.74	$1.74	99 cts.	$1.74	$1.74
	When exceeding ninety-six degrees but not exceeding ninety-seven degrees.....per one hundred pounds	$1.01	$1.77	$1.77	$1.01	$1.77	$1.77
	When exceeding ninety-seven degrees but not exceeding ninety-eight degrees.....per one hundred pounds	$1.03	$1.80	$1.80	$1.03	$1.80	$1.80
	When exceeding ninety-eight degrees but not exceeding ninety-nine degrees.....per one hundred pounds	$1.09	$1.89	$1.89	$1.09	$1.89	$1.89
	When exceeding ninety-nine degrees.....per one hundred pounds	$1.09	$1.89	$1.89	$1.09	$1.89	$1.89

	Refined sugar is entitled to entry under the British Preferential Tariff upon evidence satisfactory to the Minister, that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and possessions, and not otherwise.						
134a	*Sugar, for use in the manufacture of wine* *per one hundred pounds*	$.0109	$.0189	$1.89	$.0109	$.0189	
135	Sugar above number sixteen Dutch standard in colour when imported or purchased in bond in Canada by a recognized sugar refiner, for refining purposes only, under regulations by the Minister, and sugar, n.o.p., not above number sixteen Dutch standard in colour,						
	When not exceeding seventy-six degrees of polarization per one hundred pounds	20.627 cts.	70.851 cts.	70.851 cts.	20.627 cts.	70.851 cts.	70.851 cts.
	When exceeding seventy-six degrees but not exceeding seventy-seven degrees.....per one hundred pounds	20.647 cts.	73.213 cts.	73.213 cts.	20.647 cts.	73.213 cts.	73.213 cts.
	When exceeding seventy-seven degrees but not exceeding seventy-eight degrees.....per one hundred pounds	20.667 cts.	75.574 cts.	75.574 cts.	20.667 cts.	75.574 cts.	75.574 cts.
	When exceeding seventy-eight degrees but not exceeding seventy-nine degrees.....per one hundred pounds	20.687 cts.	77.936 cts.	77.936 cts.	20.687 cts.	77.936 cts.	77.936 cts.
	When exceeding seventy-nine degrees but not exceeding eighty degrees.....per one hundred pounds	20.707 cts.	80.298 cts.	80.298 cts.	20.707 cts.	80.298 cts.	80.298 cts.
	When exceeding eighty degrees but not exceeding eighty-one degrees.....per one hundred pounds	20.727 cts.	82.659 cts.	82.659 cts.	20.727 cts.	82.659 cts.	82.659 cts.
	When exceeding eighty-one degrees but not exceeding eighty-two degrees.....per one hundred pounds	20.747 cts.	85.021 cts.	85.021 cts.	20.747 cts.	85.021 cts.	85.021 cts.
	When exceeding eighty-two degrees but not exceeding eighty-three degrees.....per one hundred pounds	20.767 cts.	87.383 cts.	87.383 cts.	20.767 cts.	87.383 cts.	87.383 cts.
	When exceeding eighty-three degrees but not exceeding eighty-four degrees.....per one hundred pounds	20.857 cts.	90.040 cts.	90.040 cts.	20.857 cts.	90.040 cts.	90.040 cts.
	When exceeding eighty-four degrees but not exceeding eighty-five degrees.....per one hundred pounds	20.947 cts.	92.697 cts.	92.697 cts.	20.947 cts.	92,697 cts.	92.697 cts.
	When exceeding eighty-five degrees but not exceeding eighty-six degrees.....per one hundred pounds	21.036 cts.	95.353 cts.	95.353 cts.	21.036 cts.	95.353 cts.	95.353 cts.
	When exceeding eighty-six degrees but not exceeding eighty-seven degrees.....per one hundred pounds	21.126 cts.	98.010 cts.	98.010 cts.	21.126 cts.	98.010 cts.	98.010 cts.
	When exceeding eighty-seven degrees but not exceeding eighty-eight degrees.....per one hundred pounds	21.512 cts.	$1.00963	$1.00963	21.512 cts.	$1.00963	$1.00963
	When exceeding eighty-eight degrees but not exceeding eighty-nine degrees.....per one hundred pounds	21.897 cts.	$1.03915	$1.03915	21.897 cts.	$1.03915	$1.03915
	When exceeding eighty-nine degrees but not exceeding ninety degrees.....per one hundred pounds	22.872 cts.	$1.07457	$1.07457	22.872 cts.	$1.07457	$1.07457
	When exceeding ninety degrees but not exceeding ninety-one degrees.....per one hundred pounds	23.848 cts.	$1.11000	$1.11000	23.848 cts.	$1.11000	$1.11000

66968-9—154½

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Rates in Effect Prior to Rates Proposed in this Budget: Most-Favoured-Nation Tariff	Rates in Effect Prior to Rates Proposed in this Budget: General Tariff
135 (*con.*)	When exceeding ninety-one degrees but not exceeding ninety-two degrees.....per one hundred pounds	24.823 cts.	$1.14542	$1.14542	24.823 cts.	$1.14542	$1.14542
	When exceeding ninety-two degrees but not exceeding ninety-three degrees.....per one hundred pounds	25.799 cts.	$1.18085	$1.18085	25.799 cts.	$1.18085	$1.18085
	When exceeding ninety-three degrees but not exceeding ninety-four degrees.....per one hundred pounds	26.762 cts.	$1.21627	$1.21627	26.762 cts.	$1.21627	$1.21627
	When exceeding ninety-four degrees but not exceeding ninety-five degrees.....per one hundred pounds	27.737 cts.	$1.25170	$1.25170	27.737 cts.	$1.25170	$1.25170
	When exceeding ninety-five degrees but not exceeding ninety-six degrees.....per one hundred pounds	28.712 cts.	$1.28712	$1.28712	28.712 cts.	$1.28712	$1.28712
	When exceeding ninety-six degrees but not exceeding ninety-seven degrees.....per one hundred pounds	29.688 cts.	$1.32255	$1.32255	29.688 cts.	$1.32255	$1.32255
	When exceeding ninety-seven degrees but not exceeding ninety-eight degrees.....per one hundred pounds	30.664 cts.	$1.35798	$1.35798	30.664 cts.	$1.35798	$1.35798
	When exceeding ninety-eight degrees but not exceeding ninety-nine degrees.....per one hundred pounds	31.64 cts.	$1.47606	$1.47606	31.64 cts.	$1.47606	$1.47606
	When exceeding ninety-nine degrees.....per one hundred pounds	35.606 cts.	$1.47606	$1.47606	35.606 cts.	$1.47606	$1.47606
143	(*1*) Cigars, the weight of the bands and ribbons to be included in the weight for duty.....per pound and	$1.75 15 p.c.	$1.75 15 p.c.	$3.50 25 p.c.	$1.75 15 p.c.	$1.75 15 p.c.	$3.50 25 p.c.
	and in addition thereto, under all tariffs, $1.00 per thousand						
	(*2*) *Cigars, valued for duty at more than $6.00 per pound, the weight of the bands and ribbons to be included in the weight for duty.....per pound and*	$1.50 10 p.c.	$1.50 10 p.c.	$3.50 25 p.c.	$1.50 10 p.c.	$1.50 10 p.c.	$3.50 25 p.c.
	and in addition thereto, under all tariffs, $1.00 per thousand						
152j	*Dehydrated citrus fruit juices with or without stabilizers or sugar*	2½ p.c.	7½ p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
156	(*a*) Whiskey.....per gallon of the strength of proof and in addition thereto, under all tariffs, *$9.00* per gallon of the strength of proof	$4.50	$5.00	$10.00	$4.50	$5.00	$10.00

(*b*) Gin, n.o.p.....per gallon of the strength of proof and in addition thereto, under all tariffs, *$9.00* per gallon of the strength of proof	$4.50	$5.00	$10.00	$4.50	$5.00	$10.00
(*c*) Rum, n.o.p.....per gallon of the strength of proof and in addition thereto, under all tariffs *$9.00* per gallon of the strength of proof	$4.50	$6.00	$10.00	$4.50	$6.00	$10.00
(*d*) Brandy.....per gallon of the strength of proof and in addition thereto, under all tariffs *$9.00* per gallon of the strength of proof	$4.00	$4.00	$10.00	$4.00	$4.00	$10.00
(*e*) Liqueurs.....per gallon of the strength of proof and in addition thereto, under all tariffs, *$9.00* per gallon of the strength of proof	$4.50	$4.50	$10.00	$4.50	$4.50	$10.00
(*f*) Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; spirituous or alcoholic liquors, n.o.p.; absinthe, arrack or palm spirit, artificial brandy and imitations of brandy, n.o.p.; cordials of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, and alcoholic bitters or beverages, n.o.p.; and wines, n.o.p., containing more than forty per cent of proof spirit.....per gallon of the strength of proof and in addition thereto, under all tariffs, *$9.00* per gallon of the strength of proof	$5.00	$10.00	$10.00	$5.00	$10.00	$10.00
When the goods specified in item 156 are of greater or less strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased or decreased in proportion for any greater or less strength than the strength of proof.						
Bottles and flasks and packages of gin, rum, whiskey and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength), namely:						
Bottles, flasks and packages, containing not more than one-eighth of a gallon per dozen as one-eighth of a gallon per dozen;						
Bottles, flasks and packages, containing more than one-eighth of a gallon but not more than one-sixth of a gallon per dozen, as one-sixth of a gallon per dozen;						
Bottles, flasks and packages, containing more than one-sixth of a gallon but not more than one-fourth of a gallon per dozen, as one-fourth of a gallon per dozen;						
Bottles, flasks and packages, containing more than one-fourth of a gallon but not more than one-half of a gallon per dozen, as one-half of a gallon per dozen;						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
156 (*con.*)	Bottles, flasks and packages, containing more than one-half of a gallon but not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen; Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen; Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallons per dozen, as one and one-half gallons per dozen; Bottles, flasks and packages, containing more than one and one-half gallons but not more than two gallons per dozen, as two gallons per dozen; Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen; Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen; Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen. Bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the Minister.						
180*a*	Photographs, *negatives and exposed film*, for use only as news illustrations, under *such* regulations *as the Minister may prescribe*.....	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 30 p.c.
296*g*	Sodium calcium borate ore for use as a fire retardant.. on and after July 1, *1961*	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.	Free	Free	25 p.c.
351*c*	Brass wire *for the manufacture* of fourdrinier wire or of paper-machine wire cloth.....	Free	15 p.c.	35 p.c.	Free 10 p.c.	15 p.c. 20 p.c.	35 p.c. 35 p.c.

399*a*	Pipes or tubes of iron or steel, commonly known as "oil-country goods", being casing or tubing and fittings or couplings therefor; *sucker rods, pony rods, polished rods and couplings therefor; all of the foregoing* for use in connection with natural gas or oil wells....	5 p.c.	10 p.c.	20 p.c.	5 p.c. Free	10 p.c. Free	20 p.c Free
409*f*	Animal clippers; Automatic stock watering devices; Barn hay forks, carriage, pulleys and track; Barn litter carriers and track; *Combination excavating and transporting scraper units;* Egg cooling cabinets; Elevators (other than storage elevators); Grain crushers; Grain or hay dryers; Grain or hay grinders; Grain loaders; Gravity discharge farm wagon boxes; Hitches and couplings; Hydraulic hoists for unloading vehicles; Land levellers; Machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear; Milk coolers; Sodium metabisulphite; Sprinkler irrigation systems; Steel stanchions for confining livestock either in pens or individually, and complete equipment for milking parlors; All the foregoing for use on the farm for farm purposes only; Brooders; Ensilage cutters; Fodder or feed cutters; Hay loaders; Hay tedders; Post hole diggers; Potato diggers; Potato planters; Snaths; Stumping machines; All other agricultural implements or agricultural machinery, n.o.p.; Parts of all the foregoing.....	Free	Free	Free	Free Free	Free 7½ p.c.	Free 12½ p.c.
414*a*	Parts of typewriters.....	Free	15 p.c.	25 p.c.	Free Various	15 p.c. Various	25 p.c. Various
423a	*Chiropodichairs and parts thereof*.....	Free	Free	35 p.c.	10 p.c.	22½ p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
427	(1) All machinery composed wholly or in part of iron or steel, n.o.p.; parts of the foregoing	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
	(2) Seed and grain cleaning machines of screen and air blast type with a capacity not exceeding 100 bushels per hour; parts of the foregoing	10 p.c.	15 p.c.	35 p.c.	10 p.c.	15 p.c.	35 p.c.
	(3) Industrial trucks, n.o.p., gas or gasoline powered, commonly known as "fork-lift" or "lift" trucks, for the movement of goods, having maximum lifting capacities, when equipped with forks, from four thousand pounds to sixteen thousand pounds, inclusive, at a load centre of twenty-four inches from the face of the forks; accessories and attachments therefor; parts of the foregoing	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
	(4) Power shovels and cranes, convertible, with nominal dipper capacities, as shovels, from three-eighth to two and one-half cubic yards, inclusive, n.o.p.; parts of the foregoing	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
	(5) Power cranes, truck or wagon type, with rated lifting capacities of ten to forty tons, inclusive, computed on the basis of twelve foot radius with fifty foot boom, n.o.p.; parts of the foregoing	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
	(6) Paper machines; machines for calendering (not including super-calenders), slitting, reeling, winding and re-winding paper, n.o.p.; driving mechanisms therefor; parts of the foregoing	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
	(7) Electricity generating sets, consisting essentially of an internal combustion engine and one or more generators mounted on a common base, n.o.p.; parts of the foregoing	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
	(8) Vending machines for dispensing soft drinks, coin-operated, incorporating mechanical refrigeration; parts of the foregoing	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
437b	*Motor rail cars or units and chassis for same for use on railways for the carriage of passenger, baggage, mail or express traffic, and parts thereof*	Free	Free	35 p.c.	Free	20 p.c.	35 p.c.

438*b* Bearings, ball or roller;
Bearings, clutch release, with or without collar attached;
Bearings, graphite;
Bearings, steel or bronze backed, with non-ferrous metal lining, parts and materials therefor;
Bearings, steering knuckle thrust;
Bushings or sleeve bearings of bronze or powdered metal;
Bushings, graphited or oil impregnated;
Ceramic insulator spark plug cores not further manufactured than burned and glazed, printed or decorated or not, without fittings;
Collars, crankshaft thrust;
Compressors and parts thereof, air;
Commutator copper segments; commutator insulating end rings;
Tapered discs of hot-rolled steel, with or without centre hole, for disc wheels;
Diaphragms for fuel and vacuum pumps;
Distributor rotors and cam assemblies;
Door bumper shoes;
Electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, including brackets and fittings permanently attached thereto, but not to include battery terminals;
Gaskets of any material except cork or felt, composite or not, parts and materials therefor;
Ignition contact points;
Keys for shafting;
Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof;
Laminated composition plastic timing gear blanks;
Lenses of glass for motor vehicle lamps and for light reflectors;
Lock washers;
Magnetic plugs;
Metal frames for convertible soft tops;
Permanent mould pistons for brake master cylinders;
Piston ring castings in the rough, with or without gates and fins removed;
Propeller shaft tubes of steel bonded by rubber;
Rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies;

Shift control, electric, for two speed rear axles;
Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof;
Switches, relays, circuit breakers and solenoids and combinations and parts thereof, including starter switch assemblies;

66968-9—155

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438*b* (*con.*)	Synchronizing cones or blocking rings for transmissions; Vacuum, hydraulic or air control assemblies and parts thereof; Vulcanized fibre in sheets, rods, strips and tubings; Parts of all the foregoing; All of the foregoing for use in the manufacture or repair of goods enumerated in tariff items 410*a* (*iii*), *411a*, 424 and 438*a*, or for use in the manufacture of parts therefor:						
	1. When of a class or kind not made in Canada.....	Free	Free	30 p.c.	Free	Free	30 p.c.
	2. When of a class or kind made in Canada.....	Free	17½ p.c.	30 p.c.	Free Various	17½ p.c. Various	30 p.c. Various
438*c*	Ammeters; Arm rests and wheel housing lining of indurated fibre, pressed to shape; Axle housings, one piece welded, machined or not, including parts welded thereto; Carburetors; Chassis frames and steel shapes for the manufacture thereof; Cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base; *Composite frame and floor structure of metal in the rough:* Control ventilator gear box; Cylinder lock barrels, with or without sleeves and keys thereof; Dash heat indicators; Engine speed governor units; External ornaments unplated, including name plates, letters and numerals, but not including finish or decorative mouldings; Fluid couplings with or without drive plate assemblies; Gauges, gasoline, oil or air; Grilles not plated, polished or not before assembly, and parts thereof not plated or polished after final forming, casting or piercing, not including added finish or decorative mouldings; Hinges, finished or not, for bodies; Horns;						

Instrument bezel assemblies; instrument board lamps; instrument panel, glove compartment, luggage compartment, hood compartment and door step lamps and wire assemblies;						
Instrument board panels of moulded or laminated glass fibres and plastic;						
Locks, electric ignition, steering gear, transmission, or combinations of such locks;						
Mouldings of metal, with nails or prongs set in position, lead filled or not;						
Oil filter parts, namely: perforated filter refill oil board bodies, refill end discs, and roll-seam perforated tubes;						
Ornaments and identification plates of metal, unplated, not including finished or decorative mouldings:						
Pipe lines of tubing, rigid, covered or not, with or without fittings, and tubing therefor;						
Purifiers for gasoline, including brackets and fittings therefor;						
Radiator shutter assemblies, automatic;						
Radiator water gauges;						
Radiator shells not plated nor metal finished in any degree;						
Shackles, bearing spring;						
Speedometers;						
Spring covers of metal and closing strips or shapes therefor;						
Stampings, body, cowl, fender, front end, hood, instrument board, shields and baffles, of *plain or coated* metal, in the rough, trimmed or not, whether or not welded in any manner before final forming or piercing, but not metal finished in any degree, *including such stampings incorporating pierce or clinch nuts;*						
Steering wheels, rims and spiders therefor;						
Sun visor blanks of gypsum weatherboard;						
Tachometers, with or without tachographs, both electric and gear driven;						
Thermostatic controls;						
Throttle, spark, choke, and hood lock release assemblies, including buttons therefor;						
Torque convertors;						
Auxiliary transmission overdrive units and controls therefor;						
Universal joint ball assemblies;						
Windshield and window wipers;						
Parts of all the foregoing, including brackets, fittings and connections therefor;						
All of the foregoing when for use in the manufacture or repair of the goods enumerated in tariff items 410*a*(*iii*), 411*a*, 424 and 438*a*, or for use in the manufacture of arts therefor	Free	17½ p.c.	30 p.c.	Free Various	17½ p.c. Various	30 p.c. Various

66968-9—155½

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Rates in Effect Prior to Rates Proposed in this Budget: Most-Favoured-Nation Tariff	Rates in Effect Prior to Rates Proposed in this Budget: General Tariff
438*c* (cont.)	(1) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438*a*, whose total factory output, during the year in which importation is sought, does not exceed ten thousand such complete passenger automobiles, and if not less than forty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free Various	Free Various	25 p.c. Various
	(2) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438*a*, whose total factory output, during the year in which importation is sought, exceeds ten thousand, but does not exceed twenty thousand such complete passenger automobiles, and if not less than fifty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free Various	Free Various	25 p.c. Various
	(3) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438*a*, whose total factory output, during the year in which importation is sought, exceeds twenty thousand such complete passenger automobiles, and if not less than sixty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free Various	Free Various	25 p.c. Various

(4) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances, and hearses, or chassis for same, as enumerated in tariff items 410*a*(*iii*), *411a*, 424 and 438*a*, whose total factory output of such vehicles during the year in which importation is sought, does not exceed ten thousand such vehicles, and if not less than forty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free Various	Free Various	25 p.c. Various
(5) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances and hearses, or chassis for same, as enumerated in tariff items 410*a*(*iii*), *411a*, 424 and 438*a*, whose total factory output of such vehicles during the year in which importation is sought, exceeds ten thousand units, and if not less than fifty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free Various	Free Various	25 p.c. Various
(6) If the above articles are of a class or kind not made in Canada, and are for use in the repair of the goods enumerated in tariff items 410*a*(*iii*), *411a*, 424 and 438*a*, or are for use in the manufacture of repair parts therefor, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free Various	Free Various	25 p.c. Various
The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438*d* Axles, front and rear; Bell or clutch housings for vehicles having a gross vehicle weight rating of over 19,500 pounds; Brakes; Brake drums; Clutches; Drive shafts; Fuel pumps; Hubs; Hydraulic or fluid couplings; Internal combustion engines of 349 cubic inches and over in displacement;						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438*d* (cont.)	Linkages and controls for use with clutches, transmission assemblies, power dividers or transfer cases, when the main assemblies are of a class or kind not made in Canada; Magnetos; Power dividers or transfer cases; Rims for pneumatic tires; Spring shrouds, spring seats, and spring anchor plates of metal for vehicles having a gross vehicle weight rating of over 19,500 pounds; Steel road wheels; Steering drag links for vehicles having a gross vehicle weight rating of 20,000 pounds or over; Steering gears; Tandem axle suspensions, not to include springs; Transmission assemblies; Universal joint; Parts of the foregoing; All of the foregoing when of a class or kind not made in Canada, and						
	(1) For the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same.....	Free	17½ p.c.	27½ p.c.	Free	17½ p.c.	27½ p.c.
	(2) For use as original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or for chassis for same, by a manufacturer of the goods enumerated in tariff items 410*a*(*iii*), *411a*, 424 and 438*a*, and during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	27½ p.c.	Free Various	Free Various	27½ p.c. Various
	(3) For use in the repair of motor trucks, motor buses, fire fighting vehicles ambulances, hearses and electric trackless trolley buses, or for chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be...	Free	Free	27½ p.c.	Free Various	Free Various	27½ p.c. Various

	The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438*e*	Internal combustion engines of 348 cubic inches and under in displacement; Parts of the foregoing;						
	All of the foregoing when of a class or kind not made in Canada, and						
	(1) For the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same.....	Free	17½ p.c.	27½ p.c.	Free	17½ p.c.	27½ p.c.
	(2) For use as original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or for chassis for same, by a manufacturer of the goods enumerated in tariff items 410*a*(*iii*), *411a*, 424 and 438*a*, and during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	7½ p.c.	27½ p.c.	Free Various	7½ p.c. Various	27½ p.c. Various
	(3) For use in the repair of motor trucks, motor buses, fire fighting vehicles, ambulances, hearses and electric trackless trolley buses, or for chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be..	Free	7½ p.c.	27½ p.c.	Free Various	7½ p.c. Various	27½ p.c. Various
	The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
440*c*	Racing shells or oars therefor, when imported by amateur rowing clubs for use exclusively by such clubs.....	Free	20 p.c.	25 p.c.	Free	25 p.c.	25 p.c.
440*k*	(1) Engines and parts thereof, n.o.p., for use in boats used exclusively in commercial fishing operations under such regulations as the Minister may prescribe.	Free	Free	15 p.c.	Free 15 p.c.	Free 20 p.c.	15 p.c. 30 p.c.
	(2) Materials and articles for the manufacture or repair of the engines provided for in item 440k(1).....	Free	Free	15 p.c.	Free Various	Free Various	15 p.c. Various
446*e*	*Steel shapes, including* steel balls not larger than three-eighths inch in diameter, *for burnishing*.....	Free	7½ p.c.	10 p.c.	Free 10 p.c.	7½ p.c. 22½ p.c.	10 p.c. 35 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
462*d*	Cinematograph and motion picture cameras for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing	Free	Free	15 p.c.	Free	Free	15 p.c.
	On and after July 1, *1961*	Free	9 p.c.	15 p.c.			
462*i*	Optical sound equipment; Dollies, or other mobile mounting units for motion picture cameras; Booms, without wiring, for use with microphones; Motion picture editing equipment, namely: film editing machines, film splicers, film synchronizers, film viewers, rewinds; Parts of the foregoing; All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production	Free	Free	15 p.c.	Free	Free	15 p.c.
	(Expires July 1, *1961*.)						
479	*Orthopedic highchairs and parts thereof*	Free	Free	Free	15 p.c.	25 p.c.	45 p.c.
502	Felloes of hickory or oak, not further manufactured than rough sawn or bent to shape; Hub, wagon, oar and gun blocks, and all like blocks or sticks, rough hewn or sawn only; Last blocks, *not further manufactured than* sawn, rough hewn *or rough turned;* Mexican saddle trees and stirrups of wood; Scale board for cheese; Shingles of wood; Spokes of hickory or oak, not further manufactured than rough turned, and not tenoned, mitred or sized; Staves of oak, sawn, split or cut, not further manufactured than listed or jointed; Treenails	Free	Free	Free	Free	Free	Free
					17½ p.c.	20 p.c.	25 p.c.
502*c*	Wooden handles or stems for handles, not further manufactured than turned, for use in the manufacture of the goods enumerated in tariff item 431	Free	Free	Free	Free	Free	Free

505*a*	Ponderosa pine lumber (pinus ponderosa), California sugarpine lumber (pinus Lambertiana) and *California redwood lumber (sequoia semper virens)*, not further manufactured than the product of a planing machine with various profile attachments.....	Free	Free	25 p.c.	Free 5 p.c. 10 p.c.	Free 5 p.c. 10 p.c.	Free 25 p.c. 25 p.c.
611*a*	(4) *Conductive shoes for use in hospitals*..... *On and after July 1, 1961*	Free 20 p.c.	Free 27½ p.c.	40 p.c. 40 p.c.	20 p.c.	27½ p.c.	40 p.c.
682	Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2.0; Fishing nets and nettings of all kinds; *Lures, jiggers and artificial baits;* *Metal panel devices for use in keeping nets open;* Metal swivels, of a class or kind not made in Canada; Net and line floats of any material except wood; Specially designed needles of a class or kind not made in Canada for use in repairing fish nets; Threads, twines, marlines, fishing lines, rope and cordage, not exceeding one and one-half inches in circumference; All the foregoing for use in commercial fishing, under such regulations as the Minister may prescribe; Carapace measures of any material.....	Free	Free	Free	Free Free 15 p.c.	Free 20 p.c. 22½ p.c.	Free 30 p.c. 30 p.c.
691	(1) Communion sets; oil stocks; crosiers; benitiers; sprinklers; incensers; incense boats; baptismal shells or fonts; scapulars; chapelets; rosaries; religious statues, statuettes, medals and crosses; *religious figures and plaques, mounted or not;* Scroll sets; Chanuka candlesticks; Kiddush sets; Mezuzah boxes; Havdalah sets; Seder plates; parts of the foregoing.....	Free	Free	Free	Free Various	Free Various	Free Various
696*a*	Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative, *and sound recordings for use therewith;* *Sound recordings for use by educational, scientific or cultural institutions or societies;* Sound recordings other than for sale or rental; Models, static and moving; Wall charts, maps and posters; *All the foregoing* when certified by the Government or by a recognized representative authority of the Government of the country of production or by an appropriate representative of the United Nations Educational, Scientific and Cultural Organization as being of an international educational, scientific or cultural character; Under such regulations as the Minister may prescribe..	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 30 p.c.

5. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 10th day of April, 1959, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

THE OLD AGE SECURITY ACT

Resolved that it is expedient to introduce a measure to amend The Old Age Security Act to provide:

1. That for the 1960 and subsequent taxation years the rate of Old Age Security tax every individual shall be required to pay on his taxable income be increased from 2 per cent with a maximum of $60 to 3 per cent with a maximum of $90 and that for the 1959 taxation year the rate shall be 2.5 per cent with a maximum of $75.
2. That with respect to income of corporations, other than non-resident-owned investment corporations, earned on and after January 1, 1959 the rate of Old Age Security Tax be increased from 2 per cent to 3 per cent of taxable income.
3. That the rate of Old Age Security tax on the sale price of goods be increased from 2 per cent to 3 per cent and that any enactment founded upon this paragraph be deemed to have come into force on the 10th day of April, 1959.

(See also Budget Papers, pages 2461 to 2557)

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, with all members of the house I think that we would want to pay the traditional compliments to the zeal of the Minister of Finance (Mr. Fleming) in the important task he has in presenting a budget of this kind. We are all familiar with the dimensions of the problems he has had to face in recent times. I want to assure him that those of us on this side, where we do see constructive measures, will at all times want to support them and certainly any evidence of recovery that he is able to present to us will be as much a delight to the opposition as to people all across the country. But unfortunately, as we so often find in these presentations of the Minister of Finance, there is an exceeding amount of passion in presenting his case but often not very much consistency and, I suggest, too often accompanied by soothing forecasts as I think we will find to be the case in this debate.

The thing that I think is most striking to all of us is the difference that has taken place in the Minister of Finance in the short period of two years. I think it was Oscar Wilde who was not able to recognize a former acquaintance and then said, "I beg your pardon, I did not recognize you, I have changed a lot." I thing that is the position of the Minister of Finance when we look upon him in this debate.

The striking contrast, of course, is that the highlights of everything that he enunciated tonight seem to be directly opposite to the things that we knew him to stand for in recent times. He has presented to us on two occasions the largest programs of expenditure, even in wartime, in the history of the country notwithstanding his desire in the past to be the exponent of government economy and reduction in expenditure. We saw to our surprise some new recognition on his part that apparently some of the things he used to deride now have his approval although he did not make his confession too clearly. I am thinking in terms of what he had to say tonight about the possibility that under certain conditions there might even be some merit in such a thing as a surplus.

Mr. Fleming (Eglinton): I did not say that.

Mr. Benidickson: He called it flexibility and debt reduction but it is the same thing. He always used to deride any suggestion of a deficit and say that we should have a balanced budget. He used to say that if we had deficits we were living beyond our means. But tonight for the second time in succession we have a really whopping deficit and, in addition, above all else the Minister of Finance is known across Canada as one who has been advocating reductions in taxation. The sum of $500 million was supposed to be a reasonably attainable reduction in government expenditures without any reduction in services. Indeed, the suggestion was that a number of items could be increased and improved notwithstanding such a reduction. I say, what a contrast.

It appears that a while ago the electorate voted for cake but they are finding that the cake seemingly has to be paid for. The tax reduction that we heard about so frequently and with such emphasis during the election campaign actually only totalled $204 million—

An hon. Member: Only.

Mr. Benidickson: —compared with the staggering, whopping increase in taxation proposed in this budget, an increase of $352 million. This is the minister who so frequently said that taxes in Canada already are too high. It was the Prime Minister (Mr. Diefenbaker) who said repeatedly that there was no great difficulty to be encountered in bringing about reductions in taxes and also having increases in pensions. But, with no election imminent, we find that these pensions seemingly have to be paid for. In other words, whether the money goes into the social security fund or general revenue, we are now getting an increase in taxation, and I think the ordinary people of the country will recognize that if $352 million extra is to be taken from them for government purposes it is a tax, no matter what it is called. I want to point out that except during wartime and at the time of the war in Korea in 1950 and 1951 there has not been an increase in direct taxes in this country since the Bennett regime.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): The same kind of government.

Mr. Benidickson: We have, of course, the same kind of government and we are getting the same kind of results. It was the Minister of Finance and those associated with him who over the years warned about tax increases. They pointed out that business that is hurt is not likely to pay taxes. They pointed out the effect that increased taxes have not only on the spending of individuals but on the capital investment of corporations, which is one of the depressing statistics not mentioned by the Minister of Finance tonight but to which we must all give attention in the course of this debate.

I rather suspect that the timing of these taxes is just the utmost in political cynicism based on a realization that increases now may be compensated for at a more appropriate time two years hence by tax reductions. In any event, $352 million is being taken out of the spending stream as a result of these proposals.

I question whether the minister would agree that we are out of danger and whether he is not nipping recovery in the bud. As I indicated, we usually can get from the minister arithmetic that requires a little further analysis. Certainly last session we found that there was a rabbit in the hat and that there was some slick bookkeeping there with respect to the defence expenditure fund. Again tonight we find throughout these statistical tables, as quickly as we are able to peruse them, some extremely deceptive sentences. For instance, on income tax, this is something that I think is striking in its deception:

> Aside from the increased contributions for old age security, I do not recommend any increases in taxes on personal income below the level of $3,000 on taxable income.

But the exception is there. I suggest, Mr. Speaker, that it will be obvious when these proposals are analysed that even the individual in the low income bracket is going to be short $2.50 per month in taxes compared with what the situation is. We have that difference of $2.50. By whatever name it is called, it is a reduction in the take-home and available pay of the taxpayer.

We received some gloomy news as to the increase in our debt but that news was coupled with a brag that the public and not the banking fraternity had within recent times increased their holdings of government securities. Why would there not be an increase in the holdings of government securities if the total increase in the amount of debt is $1,429 million in the course of a single year?

Those, I think, are all matters that will get proper attention as the debate proceeds. But, Mr. Speaker, I do not want to allow the house to accept too readily some of the soothing statements and statistics that were provided by the minister. There were a great number to which he made no reference. As will be recalled, his colleague the Minister of Trade and Commerce (Mr. Churchill) not long ago presented to this house statistics of a key indicator with respect to possible prosperity in this country when he pointed out that capital investment in this country was going down. I want to point out to the house that this is in contrast to the trend in the United States.

The minister made these encouraging statements about our trade deficit. I know that figures in this respect were just as available to him as they are to all other hon. members of the house. He did not choose to give us the latest figures in this respect. I point out to the house that the January trade gap was the highest for this month in any of the past ten years. I point out that our exports for the last two months, made available in statistics that came our way yesterday, indicate a drop in the first two months of $40 million in domestic trade. The minister expressed some satisfaction about a levelling off in the rise in the retail price index. He did not point out to us that, on the contrary, the wholesale price indices have been moving out of their recent lows; indeed the increase in wholesale prices between October and November of last year was the biggest since 1950. These, of course, are a foretaste of what might happen with respect to the prices that we pay eventually at the retail level. He did not tell us that carloadings in the United States, compared with last year, are up almost six per cent but in this country our carloadings are down. The *Financial Post* of March 28 pointed out that United States industrial production will likely get back to its boom-time peak within a matter of days but by contrast Canadian output is only one-half up to its low in recovery. These are some of the things that I think in a less passionate outline of our financial position might have been given by our national treasurer.

Something was said about unemployment but it was so little that I think that the country, when it examines the statement tomorrow, will really be shocked. Very little change has taken place in that respect. I am afraid that this was an attempt to put the public to sleep, just as the minister did a year ago in his budget statement at that time when he referred to a mild recession. I do not think the continuing half million or more who are unable to find jobs regard the situation either now or then as being in the nature of a mild recession. What we really need is not a presentation of happy statistics. We want all the statistics. What is needed is not slogans but jobs; and that is something we have not been getting from this administration. We know the reason for that. We know that for a year at least they were not impressed with matters of this kind and gave everybody the impression that we had nothing to worry about. I could give innumerable quotations from the Prime Minister, the Minister of Finance and the Minister of Labour (Mr. Starr) in the first years of office when they indicated that not only did we not have an emergent situation, as they described it, but that at all times we were on the verge of the elimination of the difficulty. Of course, that has not proved to be the case.

I am not going to deal tonight with the conversion loan. The Minister of Finance has an unusual faculty of describing a flop as a success; and almost anything that he talks about with respect to fiscal and monetary policy he is tempted to describe in recent

months as anti-inflationary. We will deal with that matter. I simply want to say to him that there is no clearer sign of the long descending spiral of confidence in the government than the drop in bond prices with which we are all so familiar. Apparently we have in the minister someone who has no fear either of the height of interest or of the height of spending under his proposals. The rate last week is four times the rate that a short time ago he boasted about as being the all-time low. We can never get from the minister any indication that he personally is endeavouring to affect that rate, although we hear from governments and from corporations that this is exceedingly detrimental to their investments and to the creation of jobs and work in our country. This matter I think has had inadequate attention from the minister in every debate. I hope that in this debate we shall finally get some indication of what his intentions are in this respect, particularly with the hope that, on a regional basis at least, where there is an admitted depression in certain sections of our country, some special effort will be made by the administration to relieve the chronic unemployment which is at alarming levels.

With that, Mr. Speaker, I simply want to say that this is the biggest somersault that I can ever recall, with its complete negation of everything that the party in power indicated to the electorate they stood for, and I think that on Monday afternoon, when the debate resumes, the fullest explanation should be given, and I hope that instead of evading, as the minister sometimes does, the direct question, we will get from him some further detail about the things which were avoided tonight. We have taxes of a great variety proposed to us. It is interesting to find that in one, particularly the increase in the excise taxes on tobaccos, the increase is 25 per cent, because the resolution, as I read it, says that the tax on five cigarettes contained in any package will be increased from 2 cents to 2½ cents. That is why I call that 25 per cent. I remind the minister that he was so prominent in the past in warning about the opportunity of diminishing returns with respect to taxes of this nature.

On motion of Mr. Benidickson the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the government intends to do tomorrow?

Mr. Green: Tomorrow, Mr. Speaker, we shall take the agricultural estimates.

It being fourteen minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

ANCIENNE LORETTE AIRPORT—SPACE LEASED TO QUEBEC

Question No. 265—**Mr. Bourget:**

1. During the last five years, has the Department of Transport leased one or more spaces to the government of the province of Quebec, or to one or more of the departments thereof, for the purpose of housing aeroplanes in one or more of its hangars at the Ancienne Lorette airport?

2. If so, for each year and in each case, what was (a) the area of the space under lease; (b) the number of aeroplanes housed in hangars; (c) the type of each such aeroplane; (d) the terms of the lease and the rental?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. By lease dated March 1, 1957, the Department of Transport has leased to the department of colonization of the province of Quebec, 18,000 sq. ft. of space in the east half of hangar No. 2 at the Quebec (Ancienne Lorette) airport. The lease runs from year to year and the rental payable to the Department of Transport is $9,360 per annum.

2. (a) Answered in 1 above. (b) Seven. (c) One Beechcraft (type D-18-E), two Beavers, one Cessna (type T-50), one Cessna (type 180), one Mallard (type G-171), and one Royal Gull. (d) Answered in 1 above.

ARMOURIES RENTAL, DRUMMONDVILLE, QUE.

Question No. 281:—**Mr. Boulanger:**

1. Was the armouries at Drummondville rented to any organization on February 7, 1959?

2. If so, what was the total rental paid by the said organization including any supplemental charges for insurance, etc.?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. The armoury at Drummondville was rented to L'Association de la Jeunesse de l'Union Nationale de Drummondville on February 7, 1959.

2. The total rental paid including supplemental charges was $200.38. This amount includes the following:

Rental	$ 29.88
Insurance coverage	131.50
Caretakers	14.00
Cleaners	10.00
Use of public address system	15.00
Total	$200.38

COLONIZATION DEPARTMENT, QUE.—TRANSPORT DEPARTMENT PAYMENT

Question No. 283—**Mr. Bourget:**

1. Did the Department of Transport receive, during the fiscal year 1957-58, an amount of $13,198.64 from the department of colonization of the province of Quebec?

2. If so, on what account?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. Quebec (Ancienne Lorette) airport, as follows:

Hangar rental	$10,140.00
Warehousing	892.14
Rental of office space	1,752.00
Aircraft handling	339.50
Sundry services	75.00
	$13,198.64

Note: The amount $10,140 shown as hangar rental represents 13 months' rental at the rate of $9,360 per annum.

FRUIT AND VEGETABLE INSPECTORS

Question No. 311—**Mr. Rouleau:**

How many fruit and vegetable inspectors are there in the Department of Agriculture for Canada, and how many for each Canadian province?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

	Supervising Fruit and Vegetable Inspector		Senior Fruit and Vegetable Inspector		Fruit and Vegetable Inspector 2		Fruit and Vegetable Inspector 1			
	Present Est.	Present Strength	Present Est.	Present Strength	Present Est.	Present Strength	Present Est.	Present Strength	Total Est.	Total Strength
Prince Edward Island	1	1	1	1	6	6	30	28	38	36
Nova Scotia	3	3	3	3	5	5	24	17	35	28
New Brunswick	1	1	3	2	5	5	27	27	36	35
Province of Quebec	3	3	2	2	8	8	7	6	20	19
Eastern Ontario	1	1	2	2	3	3	5	4	11	10
Western Ontario	7	7	5	5	14	12	46	44	72	68
Prairie Provinces	2	2	1	0	5	5	6	5	14	12
British Columbia	5	5	8	8	7	7	64	54	84	74
								Total	310	282

BUDGET PAPERS

presented by

the Honourable Donald M. Fleming, M.P.,

for the information of Parliament

in connection with the Budget of 1959-60

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1958, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government accounts for the fiscal year ended March 31, 1959.

PART I

ECONOMIC REVIEW OF 1958

PAGE

1. National Accounts—
   - National Income and Product 59
   - National Expenditure 62
   - Personal Income and its Disposition 65
   - Source and Disposition of Saving 67
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4. Monetary and Credit Developments 83

5. Price Trends 87

The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1958 estimates are preliminary and subject to revision.

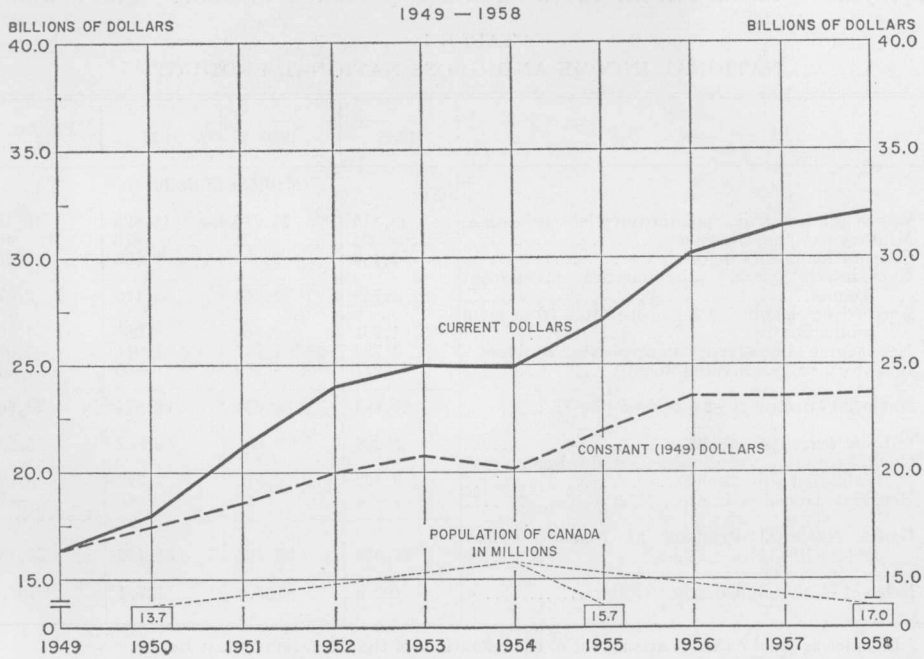
THE NATIONAL ACCOUNTS

National Income and Product

In 1958 Canadian gross national production rose by $778 million or by 2½ per cent and reached a level of $32.2 billion. Price increases accounted for about four-fifths of this advance in the value of production; the volume of total output was slightly higher than in 1957.

In 1958 for the second year in succession the growth in aggregate physical production fell short of the full growth potential of the economy in terms of the annual increment in the labour force and a further improvement in productivity. However, there was a significant difference between the economic trends of the two years. In 1957 the cessation of the strongly expansionary forces which characterized the preceding period, exerted a depressing influence on overall activity and brought about a downward adjustment in both business expectations and business operations over a wide area of production. During 1958 the volume of output stayed above the low point reached during the winter of 1957-58 and there was mounting evidence in the course of the year that recovery was under way. Although conditions of excess capacity continued to prevail in a considerable number of industries, selective increases in demand occurred and affected a growing number of products. The service industries which had expanded without interruption throughout the period of recession played an important part in providing additional support to the strengthening in economic trends. As a result of these developments and in marked contrast to the same period twelve months earlier, economic activity in the fourth quarter of 1958 rose substantially and the volume of non-farm output at seasonally adjusted annual rates expanded by approximately 2 per cent.

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT (1949) DOLLARS



The modest increase for 1958 in total real output did not apply in all sectors of the economy. In the non-agricultural sector, approximate stability prevailed with some decline in commodity production almost balanced by a further increase in the output of services. In agriculture, on the other hand, the expansion was quite pronounced and this accounted for the advance in aggregate real output.

In the goods producing industries output in 1958 continued to rise in construction and the public utilities. The increase in construction was due to record-breaking activity in the residential building field, but the advance was fairly moderate. The gain in output for public utilities was more substantial reflecting the continued growth in population and the rapid rate of resource development in previous years. Mining production was maintained at about the same level as in 1957 and this came about mainly because of sharply rising uranium shipments. The declines in production were concentrated in the forestry industry and in manufacturing. Notwithstanding the improvement in sales of lumber and the upturn in the pulp and paper industry during the latter part of the year, there was a sharp curtailment in logging operations in 1958. In manufacturing both durable and non-durable goods production fell below the 1957 level. The decline in the durable goods sector was quite pronounced, affecting among other commodities transportation equipment as well as iron and steel products. In non-durable goods manufacturing the downward movement was more moderate and in the second half of 1958 a marked recovery in production occurred. The steady upward trend in the service sector has been maintained in recent years despite fluctuations in overall business activity. In 1958 output increased in all service industries except transportation, storage and communication. The advance ranged from a moderate improvement in the retail and wholesale trades to a sizeable expansion in financial and related services.

Non-agricultural employment rose fractionally in 1958 but this was slightly more than offset by the drop in the number of agricultural jobs, and overall employment declined from the level which prevailed in 1957. There was a

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
1. Wages, salaries, and supplementary labour income.	13,215	14,719	15,825	16,180
2. Military pay and allowances	394	424	476	491
3. Corporation profits before taxes	2,489	2,802	2,505	2,369
4. Rent, interest, and miscellaneous investment income	1,748	1,964	2,179	2,374
5. Accrued net income of farm operators from farm production[1]	1,261	1,468	968	1,202
6. Net income of non-farm unincorporated business	1,793	1,937	1,941	2,079
7. Inventory valuation adjustment[2]	−217	−260	−60	−34
8. **National Income** (1+2+3+4+5+6+7)	**20,683**	**23,054**	**23,834**	**24,661**
9. Indirect taxes less subsidies	3,238	3,601	3,802	3,825
10. Capital consumption allowances and miscellaneous valuation adjustments	3,163	3,515	3,722	3,725
11. Residual error of estimate	−14	12	48	−27
12. **Gross National Product at Market Prices** (8+9+10+11)	**27,070**	**30,182**	**31,406**	**32,184**
13. Index of G.N.P. in Constant Dollars	100.0	107.4	107.1	107.9

[1] Includes accrued earnings arising out of the operations of the Canadian Wheat Board.
[2] See footnote 2, Table 2.

further rise in the labour force although the growth of 2.1 per cent in 1958 was much less than in the previous year when the unusually heavy flow of immigrants added a large number of persons to the working force. These trends in the labour market during 1958 were reflected in a higher level of unemployment. The number of persons without jobs and looking for work averaged 6.6 per cent of the labour force in 1958 compared with 4.3 per cent in 1957.

The shifts in production and employment in 1958 were associated with a further rise in earned incomes. The expansion of over 3 per cent in national income was approximately the same as the advance in 1957. Except for corporate profits there was a gain in all the major income groups and the improvement was particularly marked for unincorporated business, both in the farm and non-farm sectors. In 1957 labour income was up by 7½ per cent or considerably in excess of the rate of increase in national income, whereas in 1958 the rise in salaries and wages was less than the expansion in national income and amounted to about 2 per cent. The advance in labour income failed to keep pace with the rise in consumer prices and there was consequently a small decline in real income per capita. After some hesitation in the winter of 1957-58, aggregate wages and salaries rose slowly but steadily in each succeeding quarter and at the end of 1958 labour income was $544 million or 3 per cent above the level twelve months previously. An improvement in rates of pay as well as some increase in the number of paid workers during 1958 contributed to this effect. There was a decline from 1957 in the average number of hours worked per week.

In 1958 corporation profits fell by $136 million or by 5 per cent to a level of $2,369 million. The year-over-year decline, although less than the drop of 11 per cent in 1957, provides no indication of the recovery which occurred in the course of 1958. The downward trend in corporate profits which prevailed throughout 1957 came to a halt in the summer of 1958. Corporate profits gained moderately in the succeeding quarter and expanded by 8 per cent in the fourth quarter of 1958. This reflects a significant change in underlying business conditions brought about by a more favourable cost structure and by an improvement in sales affecting a growing number of industries.

Corporate profits are a sensitive indicator of the changing tempo of economic activity whereas other investment income, such as income from rentals and interest payments, follows a more stable pattern and tends to reflect more accurately the growth in the value of Canadian assets. As a result of the steady expansion over the years, income from these latter sources in 1958 reached a level of $2,374 million and exceeded corporate profits for the first time since 1934. Higher shelter costs and rising interest rates contributed to the gain of $195 million or 9 per cent in 1958.

Accrued net farm income, after a sharp decline in 1957, recovered substantially in 1958 and rose by $234 million or 24 per cent. The size of the wheat harvest was not substantially different from 1957 and the slight increase in crop production was mainly due to the expansion in coarse grains. The major part of the improvement in agricultural income was a result of higher returns from livestock and animal products. Output and prices for some products, particularly for cattle, were significantly higher than in 1957. Farm cash income which had declined moderately in the previous year rose by 8 per cent in 1958 to a level of $2,808 million. The total for 1958 was less than 2 per cent below the all-time high reached in 1952. In the years since 1952, the agricultural labour force has declined by almost one-fifth and, as a consequence, farm cash income on a per capita basis was at a record level in 1958.

Net income of non-farm unincorporated business which remained practically stable in 1957 showed a fairly substantial advance in 1958. The increase of 7 per cent was about double the rate of expansion for national income and earnings in this sector reached a level of $2,079 million. Although corporation

profits were $290 million higher than income of non-farm unincorporated business, this difference was markedly smaller than in most years since 1946. Most of the advance in unincorporated business income during 1958 was a result of the pronounced improvement in earnings from construction. There were further modest gains in the service and trade sectors.

National Expenditure

In 1957 there was a lessening in the tempo of activity abroad but the impact of this on the Canadian economy was eased during 1958 by the strong recovery in the United States and by the expansionary measures taken in a number of countries, including European countries which had experienced a notable improvement in their foreign exchange reserves. The level of Canadian exports was well maintained and consumption expenditures continued to rise steadily. Larger government outlays, particularly in the form of higher transfer payments, compensated to an important extent for the fall-off in purchasing power elsewhere. Record expenditures on residential housing tended to offset a large part of the decline in business capital investment. These developments were accompanied by further adjustments, some of which began in 1957 in response to less favourable economic conditions. Efforts were made to bring costs more closely in line with current levels of plant operations. Commodity imports declined sharply in late 1957 and early 1958 and a larger proportion of Canadian requirements was supplied from domestic sources. The liquidation of business inventories had largely run its course by the end of 1958 and a better balance prevailed in stock-sales ratios. Upward price movements were somewhat less pronounced than in 1957 and selective declines took place over a wide area in 1958.

Personal expenditures on consumer goods and services rose by 5 per cent in 1958 compared with 6 per cent in 1957 and 7 per cent in 1956. Although the upward movement in expenditures slowed down over the last three years, consumer outlays played a progressively more important role in stabilizing overall activity and the demand from this source accounted for a rising proportion of total final purchases. In 1956 and 1957 consumer demand absorbed one-third and one-half respectively of the increase in total final purchases. In 1958 the expansion in consumer outlays was equal to $945 million whereas the rise in aggregate final demand was less than this mainly because of the decline in capital investment.

Consumer expenditures advanced without interruption throughout 1958. Although the expansion was quite modest during the first nine months of the year, this was followed at the end of 1958 by an increase of 3 per cent, the largest since the second quarter of 1952. Consumer expenditures in the fourth quarter of 1958 rose, seasonally adjusted at annual rates, by $660 million to a level of $21.3 billion or about 6 per cent above the level in the same period of 1957. Prices for consumer goods and services advanced by 2½ per cent in 1958 or less than in 1957 when the increase amounted to about 3½ per cent. The expansion of 2 per cent in the volume of consumption was slightly less than the rate of growth in population and there was for the second year in succession a small decline in real per capita consumption.

In both years, 1957 as well as 1958, government expenditures on goods and services rose by about 7 per cent. The increase of $382 million in 1958 brought outlays for all three levels of government to almost $6 billion. The expansion in this component of gross national expenditure tended to offset a substantial part of the decline in total final demand which took place in other sectors of the economy. Civilian expenditures by governments increased somewhat faster than total outlays because there was a further decline in defence costs. The expansion in capital investment for all levels of government combined was particularly pronounced and the rise of 10 per cent differed sharply from the downward trend in business capital formation.

Business capital expenditures (including housing) after reaching a record level of $7.3 billion in 1957 declined by $436 million or 6 per cent in 1958. The drop in the volume of capital investment was somewhat more pronounced since prices continued to rise although the advance of 2 per cent was less than the increase in 1957. Notwithstanding the downward shift in the year-over-year comparison there was some improvement in the trend of capital outlays during 1958. In the previous year investment expenditures reached a peak in the first quarter and subsequently decreased without interruption to a low point in the first quarter of 1958. However, capital outlays remained approximately stable during the last three quarters of 1958.

In 1958 the movement in the various components of capital investment was different from the pattern established in the previous year. In 1957 investment in non-residential construction as well as in machinery and equipment expanded on a year-over-year comparison, whereas residential construction declined. In 1958 there was an increase in housing construction and the extremely rapid growth tended to offset almost one-half of the decline in the other two components of capital investment.

Following the decline of 8 per cent in 1957, expenditures on residential construction in 1958 rose by $353 million or 25 per cent and reached a level of $1.8 billion. Taking into account the rise in prices, house building, in real terms, expanded by 22 per cent in 1958. Governmental action, particularly the large-scale provision of loan funds, played an important role in bringing about the strong

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
1. Personal expenditure on consumer goods and services	17,464	18,697	19,768	20,713
2. Government expenditure on goods and services	4,780	5,266	5,612	5,994
current expenditure	3,746	4,006	4,230	4,476
gross fixed capital formation	1,034	1,260	1,382	1,518
3. Business gross fixed capital formation[1]	5,210	6,774	7,335	6,899
new residential construction	1,378	1,526	1,409	1,762
new non-residential construction	1,848	2,589	3,103	2,813
new machinery and equipment	1,984	2,659	2,823	2,324
4. Value of physical change in inventories—total[2]	281	815	142	−386
non-farm business inventories	102	545	243	−216
farm inventories	199	242	−152	−138
grain in commercial channels	−20	28	51	−32
5. Exports of goods and services[3]	5,764	6,339	6,394	6,298
6. Imports of goods and services[3]	−6,443	−7,697	−7,796	−7,361
7. Residual error of estimate	14	−12	−49	27
8. **Gross National Expenditure at Market Prices** (1+2+3+4+5+6+7)	**27,070**	**30,182**	**31,406**	**32,184**
9. Index of G.N.E. in Constant Dollars	100.0	107.4	107.1	107.9

[1] Includes private businesses and institutions, and publicly owned public utilities.

[2] The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 7, Table 1).

[3] Minor adjustments have been made to the figures of current receipts and payments shown in Table 10 and in "The Canadian Balance of International Payments, 1955 to 1958", Dominion Bureau of Statistics, to achieve consistency with the other component series.

revival in house building. Shortly after the introduction of these measures in 1957, housing starts rose notably and in the fourth quarter reached a new high of over 145,500 units, at annual rates and seasonally adjusted. Throughout 1958 government funds continued to be made available for house building and in addition easier conditions prevailed in the private mortgage market. These developments on the supply side and the strong demand for housing, supported by the uninterrupted rise in personal incomes, led to a record-breaking rate of activity in construction. Housing starts in 1958 amounted to 164,632 units compared to 122,340 units in 1957 and the previous high of 138,276 units in 1955. Housing completions in 1958 amounted to 146,686 units compared to 117,283 units in 1957 and the previous record of 135,700 units in 1956.

The extraordinary capital investment boom in recent years brought about a large-scale expansion in non-residential construction and expenditures in this field rose by 40 per cent in 1956 and by 20 per cent in 1957. This development reached its peak in the third quarter of 1957. In the succeeding five quarters there was a fairly continuous decline in outlays from the record level of $3.1 billion and the drop over this period amounted to $472 million. For 1958 as a whole non-residential construction declined by 9 per cent below the level in the previous year but outlays remained the highest on record except for 1957. Prices in this sector rose by one per cent in 1958 compared to the increase of 3 per cent in the previous year.

Investment in machinery and equipment rose to a peak of $3.1 billion in the first quarter of 1957 and followed a sharply declining trend during the succeeding four quarters. Relatively more stability prevailed during the remainder of 1958 and the year ended on a somewhat stronger note with expenditures rising by 2 per cent in the fourth quarter. For 1958 as a whole this component of business capital investment declined by $499 million or 18 per cent below the average level in 1957. Since prices rose by about 3 per cent in 1958, the drop in the volume of investment in machinery and equipment was somewhat larger and amounted to about 20 per cent. A large part of the fall in requirements was reflected in lower imports.

In contrast to the increase in inventories of $142 million in 1957 there was a reduction in stocks held both in the farm and non-farm sectors in 1958 and total inventories declined by $386 million. Farm inventories, including grain in commercial channels, fell by $170 million or substantially more than in 1957. In both years the disposal of wheat was in excess of below average crops and effectively reduced the high stocks accumulated during the previous period when a series of bumper harvests went together with some weakening in overseas markets. Moreover, the market for cattle, particularly in the United States, began to expand rapidly in the second half of 1957 and the high level of demand for Canadian supplies, which continued during 1958, was met in part from sales out of inventories. The movement in non-farm business inventories was different over the two-year period and the accumulation in stocks of $243 million in 1957 was followed by a decline of $216 million in 1958. The swing from heavy inventory accumulation in the first half of 1957 to substantial liquidation in the first half of 1958 was particularly pronounced. The turnabout of $920 million at annual rates during this period acted as an offset to overall demand equal to almost 3 per cent of gross national expenditure. During the second half of 1958, however, there was a reversal of the trend in business inventories and stocks rose by $32 million, at annual rates, in contrast to the reduction of $464 million for the first six months of the year. These developments during the course of 1958 indicate that stocks moved closely in line with current levels of economic activity and as a result there was a cessation of the downward effect exerted by the rapid adjustment in business inventories earlier in the year. In 1958 price increases for some components of business inventories were largely

offset by declines elsewhere. It is estimated that in physical terms business inventories declined by about 2 per cent in 1958.

Inventory changes can occur quickly and these movements can bring about large additions or large offsets to total final demand. While fluctuations in this component are an important factor in determining the level of economic activity, the changes are of a short-run nature and tend to hide the more fundamental trend underlying the current situation. Excluding inventory changes, aggregate demand affecting both domestic production and foreign production rose by about three-quarters of a billion dollars or by 2 per cent in 1958. Since imports declined by $435 million, the increase in total final demand for 1958 which was met from Canadian production actually amounted to about $1.2 billion or close to 4 per cent. This indicates the extent to which the burden of the adjustment in the Canadian economy during 1958 was shifted to foreign sources of supply.

In 1958 exports of goods and services were 1½ per cent below the level in the previous year. Since prices declined somewhat there was actually an expansion of one per cent in the volume of exports in 1958. With only a small increase in prices, imports of goods and services in 1958 fell both in volume and value terms by about 6 per cent. As a result of these trends Canada's deficit on current account was substantially lower than in 1957.

Personal Income and its Disposition

Personal income differs from national income in a number of ways although the components of these two totals are for the most part similar or identical. While national income is the total of the annual earnings of Canadian residents from the production of goods and services, personal income is the sum of the current receipts of income regardless of whether these receipts are earnings from production. For example, personal income includes only that part of corporation profits which is actually received by Canadian persons as dividends. On the other hand, transfer payments, such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations, are part of personal income although they are not payments for services and, therefore, do not form part of national income.

TABLE 3
SOURCES OF PERSONAL INCOME

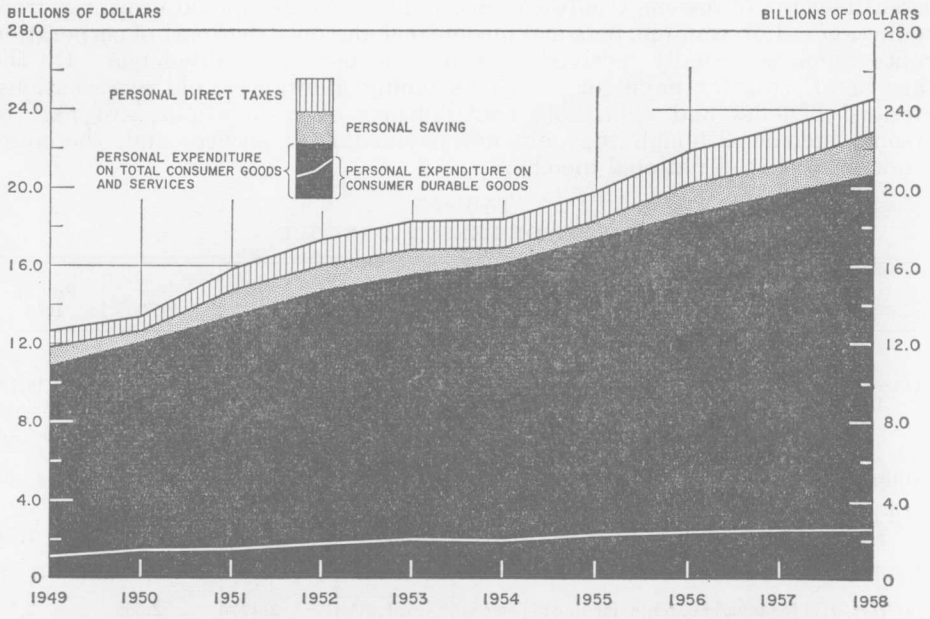
—	1955	1956	1957	Prelim. 1958
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income..	13,215	14,719	15,825	16,180
Deduct: Employer and employee contributions to social insurance and government pension funds	−449	−490	−547	−568
2. Military pay and allowances	394	424	476	491
3. Net income received by farm operators from farm production[1]	1,197	1,448	974	1,206
4. Net income of non-farm unincorporated business...	1,793	1,937	1,941	2,079
5. Interest, dividends and net rental income of persons[2]	1,911	2,125	2,358	2,538
6. Transfer payments to persons				
(a) from government (excluding interest).....	1,731	1,765	2,083	2,628
(b) charitable contributions made by corporations	28	30	32	32
7. **Personal Income** (1+2+3+4+5+6).....	**19,820**	**21,958**	**23,142**	**24,586**

[1] Excludes accrued earnings arising out of the operations of the Canadian Wheat Board.
[2] Includes all government debt interest paid to persons.

In 1958 all components of personal income expanded and the total rose by 6 per cent or somewhat faster than in 1957 to a level of $24.6 billion. The growth of $1,444 million in 1958 was $617 million in excess of the advance in national income and this was the second year in succession when greater buoyancy prevailed in personal income. The difference in the upward movement came about mainly as a result of disbursements made by governments. Transfer payments, which are not part of national income, rose very rapidly in 1958 and this increase contributed about 38 per cent to the expansion in personal income. Larger unemployment insurance and welfare payments as well as increased disbursements to farmers were instrumental in bringing about the advance of $545 million or 26 per cent in government transfer payments. This component accounted for about 11 per cent of personal income in 1958 and exceeded investment income which had previously ranked second in importance next to wages and salaries.

Compared to the previous year Canadians in 1958 saved more but spent less out of each dollar of income on consumer goods and services and similarly paid out less in direct taxes. The yield from succession duties and miscellaneous direct taxes remained practically unchanged from the level in the previous year and the decline in total personal direct taxes in 1958 was due to lower receipts from the personal income tax. Revenues from this latter source fell by $136 million or 8 per cent in contrast to the advance of $195 million or 13 per cent in 1957. The decline in yield came about despite the further rise in incomes and was a result of the reduction in tax rates which went into effect in 1957 and 1958.

DISPOSITION OF PERSONAL INCOME



In 1958 personal disposable income, or income after payment of taxes, rose by 7 per cent compared with an increase of 5 per cent in 1957. The expansion of $1,574 million in disposable income in 1958 was about half as large again as the rise of $997 million in the previous year. About two-thirds of this increase in disposable income was used for the purchase of additional consumer goods and services, while the remainder took the form of higher personal saving. The level of personal saving is related directly to changes in assets and liabilities

such as variations in inventories, in holdings of liquid assets, in contractual payments for life insurance and in outstanding consumer debt, mortgage debt as well as loans from banks and other financial institutions. For example, in recent years the increase in personal assets has been offset to a considerable extent by increased consumer credit. In 1958 there was a further expansion in consumer credit but the increase was quite small. In 1958 saving out of current income rose by $629 million or from $1,467 million to $2,096 million. The increase in personal saving exclusive of the change in farm inventories was about twice as large as in the previous year. Personal saving exclusive of saving in the form of farm inventories amounted to 9.8 per cent of disposable income in 1958 compared with 7.6 per cent in 1957 and 6.4 per cent in 1956.

TABLE 4

DISPOSITION OF PERSONAL INCOME

—	1955	1956	1957	Prelim. 1958
	(Millions of Dollars)			
1. Personal direct taxes—				
(a) income taxes	1,297	1,495	1,690	1,554
(b) succession duties	127	146	127	124
(c) miscellaneous taxes	67	79	90	99
Total direct taxes	1,491	1,720	1,907	1,777
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	8,879	9,552	10,021	10,462
(b) durable	2,284	2,406	2,414	2,490
Services	6,301	6,739	7,333	7,761
Total consumer expenditure	17,464	18,697	19,768	20,713
3. Personal saving—				
(a) personal saving excluding farm inventories	666	1,299	1,619	2,234
(b) change in farm inventories	199	242	−152	−138
Total personal saving	865	1,541	1,467	2,096
4. Personal Income (1+2+3)	**19,820**	**21,958**	**23,142**	**24,586**

All main categories of consumer expenditures expanded in 1958. Consumer expenditures for durable goods rose more than in the previous year while outlays for non-durable goods and for services increased somewhat less than in 1957. The growth of $441 million or 4 per cent in purchases of non-durable goods affected a large number of products including foodstuffs, tobacco and clothing. Expenditures for durable goods, which had remained largely stable in 1957, increased by $76 million or 3 per cent in 1958. The expansion was particularly pronounced in the fourth quarter of 1958 when an advance of 8 per cent brought total outlays to a level $248 million higher than in the same period twelve months earlier. The major factor was the sharp rise in sales of new motor cars. Outlays on services in 1958 rose by $428 million or 6 per cent compared with the advance of $594 million or 9 per cent in 1957.

Source and Disposition of Saving

Saving may be divided into three parts. In addition to personal saving, which is discussed in the preceding section, there are business saving and government saving.

In 1958 business saving declined slightly more than in the previous year and there was a large deficit instead of a surplus on government account. As a result of this and notwithstanding higher saving in the personal sector, the nation's total saving fell by $549 million or 9 per cent in 1958 compared with a drop of $193 million or 3 per cent in 1957.

TABLE 5

SOURCES OF SAVING

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
Personal saving	865	1,541	1,467	2,096
Business gross saving—total	4,106	4,547	4,519	4,488
(a) Undistributed corporation profits	879	1,012	803	767
(b) Depreciation allowances	3,163	3,515	3,722	3,725
(c) Adjustment on grain transactions[1]	64	20	−6	−4
Inventory valuation adjustment	−217	−260	−60	−34
Adjusted government surplus (+) or deficit (−)[2]	86	379	52	−1,046
Residual error of estimate[3]	−14	12	48	−27
Total	4,826	6,219	6,026	5,477

[1] Accrued earnings arising out of operations of the Canadian Wheat Board.
[2] See Table 9.
[3] See Tables 1 and 2.

Government saving is represented by the surplus of revenues over expenditures for all three levels of government combined. In 1957 saving by governments amounted to $52 million but in 1958 there was a deficit and expenditures exceeded revenues by $1,046 million. These figures are calculated in accordance with National Accounts practice and reflect the adjustment of federal receipts to place corporate tax revenue on an accrual basis. Excluding the effect of this adjustment, which has no significance from a cash standpoint, government saving in 1957 actually amounted to $292 million while the deficit in 1958 amounted to $926 million. The change in government accounts from a surplus to a deficit over the two-year period represented an offset to the nation's total saving equal to about twice the increase in personal saving in 1958. Almost all of this change took place in the federal accounts. As in the previous year, there was an excess of expenditures over revenues on the provincial and municipal levels taken together but the deficit was substantially unchanged from the level in 1957.

TABLE 6

DISPOSITION OF SAVING

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
Business gross fixed capital formation	5,210	6,774	7,335	6,899
Value of physical change in inventories	281	815	142	−386
Surplus (+) or deficit (−) on current account with non-residents[1]	−679	−1,358	−1,402	−1,063
Residual error[2]	14	−12	−49	27
Total	4,826	6,219	6,026	5,477

[1] Minor adjustments have been made to the figures appearing in Table 10.
[2] See Tables 1 and 2.

The largest part of the nation's saving arises in the form of funds set aside by business enterprises for future expansion or re-equipment. In 1958 business saving declined by $31 million to a level of $4,488 million. Depreciation allowances, the largest item in this total, remained stable in 1958, but there was a further drop in undistributed corporate profits. This component of business saving declined by $36 million in 1958 compared to a decrease of $209 million in 1957. In both years the reduction in retained earnings showed the effects of a lower level of corporate profits. The moderation in the decline of undistributed corporate profits in 1958 was mainly related to changes in the amount of dividends paid out which rose by $82 million in 1957 but fell by $58 million in the following year.

In 1958 the deficit on Canada's international current account amounted to $1,063 million, a decline of about 24 per cent from the record deficit in 1957. The imbalance on current account was more than matched by the inflow of capital from abroad and there was a sizeable increase in Canada's reserves of foreign exchange. The net inflow of capital in the form of direct investment and as a result of security transactions was smaller than in 1957 but remained at a relatively high level. As in the preceding two years, proceeds from security transactions were the most important source of external capital. These transactions are treated more fully in the section on the International Balance of Payments.

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

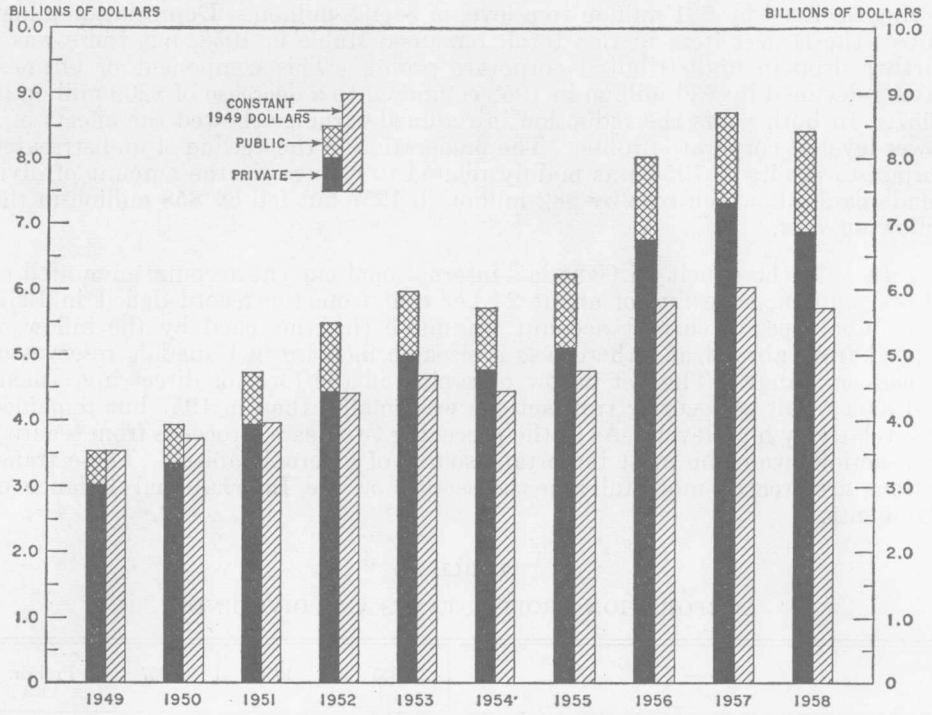
—	1955	1956	1957	Prelim. 1958
	(Millions of Dollars)			
Corporation profits before taxes including dividends paid to non-residents[1]	2,884	3,246	3,009	2,820
Deduct: corporation income tax liabilities	−1,280	−1,430	−1,320	−1,225
Excess of tax liabilities over collections	170	58	−240	−120
Tax collections	1,110	1,372	1,560	1,345
Corporation profits after taxes	1,604	1,816	1,689	1,595
Deduct dividends paid out[2]	−725	−804	−886	−828
Undistributed corporation profits[3]	879	1,012	803	767

[1] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[2] Includes charitable contributions made by corporations (See Table 3).
[3] See Table 5.

Investment and Capital Expenditures

The rapid growth of capital investment during the postwar period was interrupted in 1954 and again in 1958. Although total private and public capital expenditures declined by $300 million or more than 3 per cent in 1958, outlays were higher than in any other year except 1957. The total amounted to $8,417 million, a level more than one-third larger than in 1955 when the extraordinary investment boom of recent years got under way. Between 1955 and 1956 total capital expenditures as a proportion of gross national expenditure rose from 23.1 per cent to 26.6 per cent, a significant increase in the importance of investment activities in the Canadian economy. In 1958 capital outlays undertaken in all sectors constituted 26.2 per cent of gross national expenditure and, measured by this ratio, investment expenditures continued to underpin overall demand with much the same strength as in 1956.

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



The decline from 1957, when spending on capital facilities accounted for 27.8 per cent of total expenditures, was a result of diverse trends in the major components of capital investment. Business capital outlays fell by $813 million or 14 per cent in 1958 in contrast to the advance of $650 million or 13 per cent in the previous year. This downward movement reflects in part the completion of some of the large resource development projects undertaken in recent years. To some extent business investment intentions have also been affected by the existence of excess capacity, particularly in the forestry and mineral products industries, and by the slower growth in economic activity both at home and abroad. On the other hand, expenditures on social investment facilities including housing rose in 1958 by $513 million or 17 per cent, a significant increase over 1957 when outlays in these sectors expanded by $31 million or one per cent. The renewed strength in housing, which began to exert a pronounced effect on investment activity in the latter part of 1957, accounted in 1958 for about two-thirds of the growth in investment in these fields. In 1958 combined capital investment in housing and social facilities was equal to about 43 per cent of total capital spending compared with 35 per cent in 1957.

For the economy as a whole the changed pattern of capital outlays involved a further expansion in construction and a sharp fall in requirements for machinery and equipment. Expenditures on construction were $171 million or 3 per cent higher than in 1957 while purchases of machinery and equipment were $471 million or 16 per cent below the level in the previous year.

Except for agriculture and the service group, all major components of business capital investment were affected by the decline in outlays in 1958. In the primary sector, capital expenditures, which had remained approximately stable in 1957, fell by $224 million or 21 per cent in 1958. Although the decline in forestry was somewhat more than offset by the expansion in agriculture, investment in this sector was substantially lower than in 1957 because of sharply

reduced spending on mining, oil and gas well exploration and development. The total for this group, which almost doubled between 1955 and 1957, dropped by $244 million or 40 per cent in 1958.

The largest decline occurred in outlays for manufacturing and this accounted for almost one-half of the fall in total business capital investment in 1958. The decline was spread over a large number of industries but was particularly pronounced in the paper products industry as well as the metal and mineral groups. Notwithstanding some moderate increases in the food and tobacco industries and in the petroleum products group, total investment in manufacturing dropped by $397 million or 27 per cent in 1958 in contrast to the advance of $85 million or 6 per cent in 1957.

In 1957 the growth of $546 million in investment outlays by utilities accounted for the major part of the expansion in total business capital investment. In 1958 expenditures in this field fell by $173 million or 8 per cent to a level of $2,135 million. Heavy declines occurred in outlays for the generation of electricity and for railway transportation. Extension of the telephone and gas distribution networks continued in 1958 and there were higher outlays for water transportation but the increase in expenditures for these purposes was relatively moderate.

TABLE 8

PRIVATE AND PUBLIC CAPITAL EXPENDITURE

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
Agriculture and fishing	426	488	434	469
Forestry	63	76	48	33
Mining, quarrying and oil wells	336	542	606	362
Manufacturing	947	1,394	1,479	1,082
Electric power, gas and water works	515	769	947	861
Transportation, storage and communications	621	993	1,361	1,274
Construction industry	174	200	158	133
Trade, finance and commercial services	561	611	690	693
Institutions	408	402	454	490
Housing	1,397	1,547	1,430	1,781
Government departments	796	1,012	1,110	1,239
Total Capital Expenditure[1]	**6,244**	**8,034**	**8,717**	**8,417**
Total Capital Expenditure as a percentage of Gross National Expenditure	23.1	26.6	27.8	26.2
Index of total Capital Expenditure in Constant Dollars	100.0	122.0	126.8	120.2

[1] For reconciliation with Business Gross Fixed Capital Formation in housing, plant and equipment in Table 2, see below.

	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
PRIVATE AND PUBLIC CAPITAL EXPENDITURE—Table 8	6,244	8,034	8,717	8,417
DEDUCT:				
Provincial hospitals and schools, and municipal schools	213	222	246	255
Government housing excl. C.M.H.C. rental housing	19	21	21	19
Direct government department outlays	796	1,012	1,110	1,239
Other	6	5	5	5
BUSINESS GROSS FIXED CAPITAL FORMATION IN HOUSING, PLANT AND EQUIPMENT—Table 2	5,210	6,774	7,335	6,899

In the service sector, total capital expenditures in 1958 remained at approximately the same level as in the previous year. Stability came about as a result of offsetting trends, with higher outlays for the financial and related groups on the one hand and lower capital spending by the wholesale and retail trades as well as commercial institutions on the other hand.

In 1958 the largest expansion in capital spending took place in housing and the increase in outlays amounted to $351 million or 25 per cent. Investment in social capital facilities rose by $162 million or 10 per cent in 1958, an increase comparable to the advance in 1957. The major part of this expansion in 1958 came about as a result of the growth of $129 million in capital expenditures by government departments. Investment in this field increased faster than in 1957, whereas capital outlays by institutions, which rose by $36 million in 1958, advanced at a somewhat slower pace than in the previous year. There were further and substantial additions to university facilities together with a fairly pronounced increase in investment expenditures for hospitals and moderately higher outlays for schools as well as churches.

Revenue and Expenditure of All Governments

This section includes only those government transactions which have relevance for the National Accounts, and consequently the surpluses or deficits shown here differ from those shown in the various public accounts. In particular, corporate taxes have been adjusted to an accrual basis. In the calendar year 1957 the adjustment was large and reduced revenues by $240 million. In 1958 the adjustment was much smaller and reduced revenues by $120 million. Exclusive of this adjustment which has no relevance from a cash standpoint, the surplus for all levels of government in 1957 actually amounted to $292 million while the deficit in 1958 amounted to $926 million. This shift from a substantial surplus to a large deficit, which began during 1957 and reached a peak in the second quarter of 1958, had a sharp impact on the economy and was a significant factor in support of economic recovery. The deficit in 1958 was equal to the addition of about 3 per cent to overall demand.

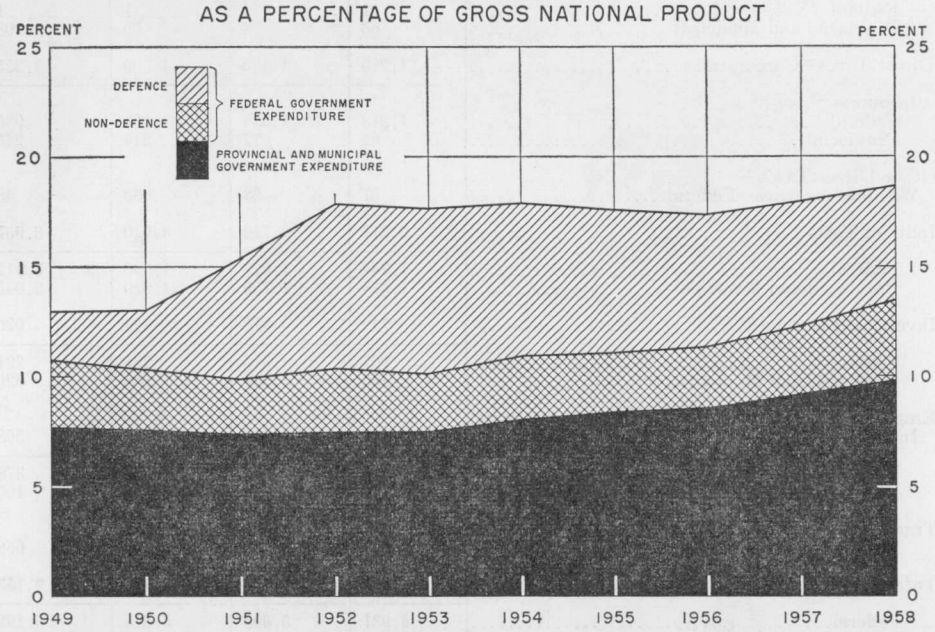
The greater part of the deficit arose in the federal accounts. In the calendar year 1958 federal expenditures increased by $739 million or 14 per cent while federal receipts, exclusive of the adjustment for the accrual of corporation taxes mentioned above, declined by $473 million or 8 per cent. As a result there was a deficit of $745 million in contrast to the surplus of $467 million in 1957. On the combined provincial and municipal levels, expenditures rose by $401 million or 11 per cent while revenues increased by $395 million or 11 per cent and the deficit amounted to $181 million in 1958 compared with $175 million in 1957.

The economic effects of fiscal operations are not determined solely by revenues and expenditures. The expansionary or restrictive influence of governmental operations depends in part on changes in loans and investments. In this sector the federal accounts in 1958 also exerted a substantial and positive impact on the economy since payments in respect of loans and investments exceeded receipts by a large margin.

Approximately 60 per cent of total expenditure at all three levels of government was made for purchases of goods and services in 1958. The expansion in total outlays on goods and services was about the same as in 1957 and amounted to $382 million or 7 per cent. The increase in federal expenditures accounted for about 29 per cent of the overall growth. The fairly moderate advance in the federal share came about because of different trends in defence and non-defence outlays. Defence expenditures fell in 1958 by $109 million or 6 per cent and this decline offset one-half of the substantial rise in federal civilian outlays. In the two years since 1956 defence expenditures have declined by 8 per cent and reached a level of $1,659 million, the lowest since 1951, while total expenditures on all levels of government have risen by about 22 per cent to a high of $10,199 million.

As a result defence costs played a progressively less important role in the budgetary structure and in 1958 absorbed 16 per cent of combined government expenditures compared with 22 per cent in 1956. Federal civilian outlays on goods and services rose rapidly in 1958 and the expansion of $218 million or 23 per cent was more than double the growth in 1957. The total amounted to $1,172 million in 1958 and accounted for about one-fifth of overall expenditures on goods and services by all governments. In 1958 the increase in outlays on goods and services by provincial and municipal governments was only slightly less than in the previous year and amounted to $273 million or 9 per cent. The total accounted for about 53 per cent of overall expenditures on goods and services by all governments in 1958. At the federal level as well as the provincial and municipal levels, there was a marked growth in investment outlays in 1958 and this reflects the continuing backlog of demand for social capital facilities.

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT



In the years since 1945 total expenditures for all governments combined rose by 96 per cent while transfer payments more than tripled during the same period. The expansion in this category of governmental outlays was particularly rapid in 1958 and the total advanced by $596 million or 21 per cent compared with the increase of $336 million or 14 per cent in 1957. The growth in federal transfer payments accounted for about three-quarters of the overall expansion in 1958. Federal outlays which began to rise significantly in 1957 expanded approximately twice as fast in 1958 and reached a level of $2,440 million, about 24 per cent higher than in 1957. The legislative changes introduced in 1957 to bring about more generous social security benefits, including higher family allowances and larger old age pensions, were in effect for only part of that year but resulted in substantially increased payments for the full twelve months of 1958. The growth in the number of persons receiving the bulk of social security payments also contributed to the rise in total disbursements. In addition, a special acreage payment to Western grain farmers was made in 1958. However, higher unemployment was, as in the previous year, the most important factor in the expansion of federal transfer payments and led to significantly larger disbursements from the unemployment insurance fund.

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TABLE 9

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1955	1956	1957	Prelim. 1958
	(Millions of Dollars)			
GOVERNMENT REVENUE—				
Direct Taxes—Persons	1,491	1,720	1,907	1,777
Income—				
Federal	1,269	1,461	1,652	1,509
Provincial and Municipal	28	34	38	45
Succession Duties—				
Federal	55	88	69	70
Provincial	72	58	58	54
Miscellaneous—				
Federal	1	1	1	1
Provincial and Municipal	66	78	89	98
Direct Taxes—Corporations	1,280	1,430	1,320	1,225
Income—				
Federal	1,218	1,353	1,106	980
Provincial	62	77	214	245
Other Direct Taxes—				
Withholding taxes—Federal	67	68	83	48
Indirect Taxes	3,317	3,722	3,910	3,957
Federal	1,744	1,972	1,990	1,912
Provincial and Municipal	1,573	1,750	1,920	2,045
Investment Income	742	819	824	920
Federal	267	315	268	294
Provincial and Municipal	475	504	556	626
Employer and Employee Contributions to Social Insurance and Government Pension Funds	449	490	547	568
Federal	310	347	376	378
Provincial and Municipal	139	143	171	190
Transfers from Other Governments—				
Provincial and Municipal	450	481	520	658
Total Revenue	**7,796**	**8,730**	**9,111**	**9,153**
Federal	4,931	5,605	5,545	5,192
Provincial and Municipal	2,865	3,125	3,566	3,961

TABLE 9—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
GOVERNMENT EXPENDITURE—				
Goods and Services	4,780	5,266	5,612	5,994
Federal—				
Defence	1,756	1,800	1,768	1,659
Non-defence	742	871	954	1,172
Provincial and Municipal	2,282	2,595	2,890	3,163
Transfer Payments	2,401	2,483	2,819	3,415
Federal	1,720	1,740	1,970	2,440
Provincial and Municipal	681	743	849	975
Subsidies	79	121	108	132
Federal	75	118	106	128
Provincial and Municipal	4	3	2	4
Transfers to Other Governments—				
Federal	450	481	520	658
Total Expenditure	7,710	8,351	9,059	10,199
Federal	4,743	5,010	5,318	6,057
Provincial and Municipal	2,967	3,341	3,741	4,142
Surplus (+) or Deficit (—)	**86**	**379**	**52**	**—1,046**
Federal[1]	188	595	227	—865
Provincial and Municipal	—102	—216	—175	—181
Total Expenditure plus surplus (or minus deficit).	**7,796**	**8,730**	**9,111**	**9,153**
Federal	4,931	5,605	5,545	5,192
Provincial and Municipal	2,865	3,125	3,566	3,961

[1] Reconciliation with Public Accounts Surplus or Deficit shown below.

	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
Federal Government calendar year surplus for national accounts purposes	+188	+595	+227	—865
Adjustments:				
Difference between calendar and fiscal year	—11	—305	+73	+409
Difference between corporation tax accruals and government receipts	—170	—58	+240	+120
Revenue items omitted	+21	+37	+68	+22
Reserves, write-offs and similar items omitted from expenditure	—110	—137	—249	—223
Shipment of military equipment to NATO countries less replacement	+2	+22	+32	+188
Extra-budgetary funds for pensions and social insurance (net)	—30	—151	—69	+267
Adjustment to place debt interest on a "due date" basis	+7	+8	—12	—24
Other adjustments	—49	—44	—52	+68
Federal surplus for fiscal year as per public accounts.	—152 (1954–55)	—33 (1955–56)	+258 (1956–57)	—38 (1957–58)

In 1958 federal transfer payments accounted for about 40 per cent of total federal government expenditures compared with 37 per cent in 1957. At the provincial and municipal levels transfer expenditures are relatively less important and accounted for about 23 per cent of total outlays in each of the years 1957 and 1958. Disbursements by provinces and municipalities were $126 million or 15 per cent higher than in 1957 and reached a level of $975 million. Larger grants to private non-commercial institutions absorbed about one-half of the expansion in 1958.

The increase in federal subsidies in 1958 came about mainly because of the higher cost of the agricultural stabilization programme. Federal transfers to other governments rose sharply in 1958 and reached a level of $658 million. The advance of 27 per cent compares with increases of 8 per cent in 1957 and 7 per cent in 1956. Several factors contributed to the rapid growth in 1958. There was a substantial increase in tax rental payments to the provinces. Moreover, the Atlantic Provinces' Adjustment Grant was instituted by the federal government in 1958. In addition, federal participation in provincial hospital insurance schemes began in 1958 and the federal share in the cost of this programme led to a sizeable expansion in payments to the provinces.

On the revenue side, taking into consideration all levels of government, the yield from direct taxes declined in 1958 and this was partially offset by the slight rise in receipts from indirect taxes, the continued expansion in investment income and the further growth in contributions to social funds. The drop in direct personal tax revenue was mainly due to lower payments under the federal personal income tax. Yields from this revenue source declined by $143 million or 9 per cent in 1958 in contrast to the increase of $191 million or 13 per cent in 1957. The difference in the trends for the two years was largely due to reductions in tax rates and came about notwithstanding the rise in personal incomes.

Federal cash receipts from corporation income taxes rose moderately in 1957 and reached a level of $1,346 million. In 1958 federal revenues dropped sharply to a level of $1,100 million. In both years there was a pronounced decline in corporate earnings but in 1957 revenues continued to expand and advanced by $51 million whereas in 1958 federal receipts fell by $246 million. The major factor underlying the diverse movements in the two years was the lag between corporate earnings on the one hand and corporate tax payments on the other hand. Thus, the drop in corporate earnings from the high level of 1956 was only gradually reflected in tax revenues received during the intervening period. In 1958 there was a rise of $31 million or 15 per cent in revenues from the corporate income tax levied by Ontario and Quebec. The Ontario tax applied only for part of the calendar year 1957 but was in effect throughout 1958 and this was the main factor bringing about the growth in provincial revenues from this source in 1958.

Revenue from indirect taxes collected at all levels of government rose by $47 million or one per cent in 1958 compared with the increase of $188 million or 5 per cent in 1957. In both years combined provincial and municipal revenues were more buoyant than federal receipts from indirect taxes. The yield from these tax sources in the federal field remained relatively stable in 1957 and declined in 1958 by $78 million or 4 per cent to a level of $1,912 million. This came about mainly because receipts from customs duties and from excise taxes were lower in 1958 than in the previous year. The downward movement in collections from these major revenue sources was partly a reflection of prevailing economic conditions which led to a reduction in imports and was partly a result of further exemptions from sales tax introduced in 1957 and 1958. Provincial and municipal revenues from indirect taxes, although advancing at a slower rate than in recent years, continued to expand in 1958 and reached a level of $2,045 million. About two-thirds of the growth of $125 million in receipts was

due to the increased yield from the municipal real estate tax. Provincial collections from the gasoline tax, the retail sales tax and other miscellaneous taxes rose moderately in 1958.

Investment income of provincial and municipal governments rose by $70 million or 13 per cent in 1958 compared with an increase of $52 million or 10 per cent in the previous year. On the federal level, income from investment, following the decline of $47 million or 15 per cent in 1957, recovered somewhat and expanded by $26 million or 10 per cent in 1958. There were offsetting gains and declines in most of the individual components and total income advanced in 1958 mainly because the United Kingdom resumed payments on the loan made by Canada under the 1946 Canada-United Kingdom Financial Agreement.

BALANCE OF INTERNATIONAL PAYMENTS

For the year 1958 as a whole our sales and purchases abroad conformed to the pattern which began in 1957 when the change in the economic climate, both at home and in the world at large, had a pronounced effect on Canada's international transactions. Merchandise exports, which previously provided a strong stimulus to economic growth, rose only moderately in 1957 and remained approximately stable in 1958. Merchandise imports, following a period of striking expansion, declined in 1957 as a result of diminishing pressure on supplies. A further drop of 8 per cent took place in 1958. The average level of prices for commodity exports as well as for commodity imports remained substantially unchanged in 1958 so that there was little difference from the previous year in the terms of trade, that is, the ratio of export prices to import prices.

The marked decline in merchandise imports was instrumental in bringing about a reduction of roughly two-thirds in the commodity trade deficit in 1958. The deficit amounted to $174 million compared with $579 million in 1957 and a record level of $728 million in 1956. However, the imbalance on non-merchandise transactions continued to grow in 1958 and this tended to offset, to some extent, the decrease in the trade deficit. As a result the current account deficit of 1958 was $288 million below the level of 1957 and amounted to $1,112 million.

BALANCE OF INTERNATIONAL PAYMENTS

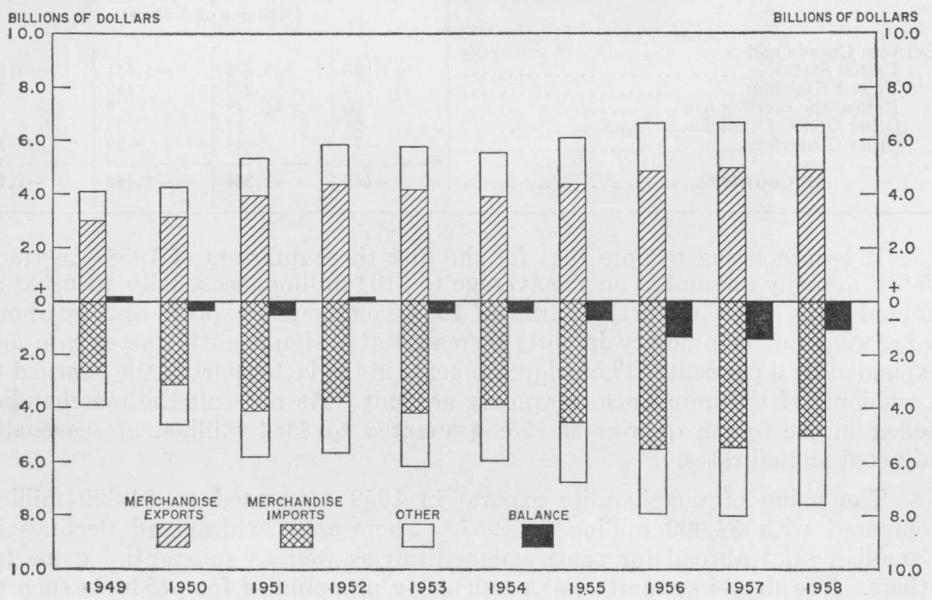


TABLE 10

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
CURRENT RECEIPTS—				
Merchandise exports (adjusted)[1]	4,332	4,837	4,909	4,890
Gold available for export	155	150	147	160
Travel expenditures	328	337	363	352
Interest and dividends	160	142	149	161
Freight and shipping	398	457	431	389
Inheritances and immigrants' funds	86	99	124	91
Other current receipts	391	442	395	337
Total Current Receipts	**5,850**	**6,464**	**6,518**	**6,380**
CURRENT PAYMENTS—				
Merchandise imports (adjusted)	4,543	5,565	5,488	5,064
Travel expenditures	449	498	525	544
Interest and dividends	483	523	593	594
Freight and shipping	415	502	506	447
Inheritances and emigrants' funds	105	115	122	131
Other current payments	553	627	684	712
Total Current Payments	**6,548**	**7,830**	**7,918**	**7,492**
Balance on Merchandise Trade	−211	−728	−579	−174
Balance on other Transactions	−487	−638	−821	−938
Current Account Balance	**−698**	**−1,366**	**−1,400**	**−1,112**

[1] Aid to NATO countries under Defence Appropriation Act has been excluded.

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
Between Canada and—				
United States	−1,035	−1,639	−1,551	−1,204
United Kingdom	330	252	142	130
Rest of the Sterling Area	60	48	9	66
Other OEEC Countries	24	17	29	50
Other Countries	−77	−44	−29	−154
All Countries	**−698**	**−1,366**	**−1,400**	**−1,112**

It is interesting to note that for the first three-quarters of 1958 the trade deficit actually amounted on the average to $104 million, seasonally adjusted at annual rates. In the fourth quarter of 1958, commodity exports rose by about 5 per cent but commodity imports increased at a significantly faster rate and expanded by 9 per cent. These developments in the latter part of the year led to a widening of the imbalance on trading account. As a result the merchandise deficit in the fourth quarter of 1958 amounted to $384 million, at seasonally adjusted annual rates.

The value of merchandise exports in 1958 amounted to $4,890 million compared with $4,909 million in 1957. There were widespread declines in Canadian sales abroad for some commodities as well as substantial gains for others. The drop in exports was particularly pronounced for products such as

petroleum, iron-ore, copper, nickel, primary and semi-finished steel as well as for pulp and newsprint. Offsetting movements took place in a number of other commodities and large increases occurred in shipments of uranium, aircraft, wheat, beef cattle, farm implements and natural gas.

The value of merchandise imports fell from $5,488 million in 1957 to $5,064 million in 1958, a drop of $424 million. The downward movement in purchases from abroad was associated with the lower level of business investment in Canada and this was particularly felt in reduced imports of machinery and equipment as well as iron and steel products. There was also a notable decline in imports of petroleum and other fuels. However, the further growth in consumption in 1958 was reflected in a somewhat higher level of imports of consumer goods.

The excess of payments over receipts on non-merchandise transactions rose from $821 million in 1957 to $938 million in 1958. The increase of $117 million in the deficit was almost entirely the result of a 7 per cent decline in non-merchandise receipts since total payments scarcely differed from the level in the previous year. A number of factors contributed to the lower level of Canadian earnings from invisibles. There was a substantial drop in receipts from freight and shipping partly due to the decrease in exports of bulk commodities and partly because of a fall in shipping rates. The sharp drop in immigration in 1958 was accompanied by a reduction in funds brought in by immigrants. United States expenditures in Canada on defence installations were also lower than in 1957. The relative stability in total non-merchandise payments was a reflection of offsetting movements in the individual components. There was a sharp decline in the cost of freight and shipping mainly as a result of lower imports and this was balanced by higher expenditures on all other major accounts.

The trend in our commodity trade with the United States was the most significant factor in the reduction of Canada's overall current account deficit in 1958. Although merchandise exports to the United States fell by one per cent, merchandise imports declined much more drastically and the drop actually amounted to 12 per cent. As a result the imbalance in our commodity trade was substantially reduced and the deficit fell by $413 million to a level of $534 million in 1958. Although the deficit with the United States on non-merchandise transactions rose by $66 million, most of the shift on commodity trade was reflected in the overall current account balance and the total deficit declined from $1,551 million in 1957 to $1,204 million in 1958.

Both exports to and imports from the United Kingdom rose by $19 million in 1958 and the balance on trade remained unchanged. However, there was some increase in our deficit on non-merchandise transactions. As a result the current account surplus with the United Kingdom was somewhat smaller than in the previous year.

Exports to other Commonwealth countries increased by about 22 per cent in 1958 mainly because of a pronounced expansion in shipments to India. Imports however declined by 12 per cent. These developments brought about a substantial increase in the current account surplus with other Commonwealth countries.

The moderate increase in Canadian sales to Europe was more than offset by a lower level of shipments to Latin America as well as to Japan and exports to all other countries fell by 7 per cent in 1958. At the same time imports rose by about 2 per cent and these changes, together with an increase in the deficit on non-merchandise transactions, led to a sizeable current account deficit in 1958. This was markedly different from 1957 when an approximate balance prevailed in our transactions with all other countries.

TABLE 11
INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS

—	1955	1956	1957	Prelim. 1958
	(Millions of dollars)			
Direct investment in Canada	417	583	520	400
Direct investment abroad	−74	−104	−65	−15
Canadian securities—				
Trade in outstanding issues	−27	199	94	89
New issues	166	667	790	666
Retirements	−184	−141	−137	−104
Foreign securities	−6	2	19	29
Loans by Gov't of Canada—Drawings	.....	.....	.....	−34
Repayments	69	69	50	64
Canadian dollar holdings of foreigners	89	−24	−34	105
Official holdings of gold and foreign exchange (increase, −)	44	−33	105	−109
Other capital movements	204	148	58	21
Net capital movement financing current account balance	**698**	**1,366**	**1,400**	**1,112**

In 1958 special loans and grants were made to a number of Commonwealth Colombo Plan countries. As a result, there was a substantial increase in exports financed from aid funds and the major part of this increase consisted of wheat shipments.

In 1958 the net inflow of capital into Canada was smaller than in 1957 but the total remained at a high level. Direct investment from abroad declined by $120 million but at the same time Canadian direct investment in other countries fell by $50 million. The net capital import through international security transactions amounted to $680 million in 1958 or $86 million less than in the previous year. Sales of new Canadian issues to non-residents were lower by $124 million but, as in the two preceding years, remained the most important single source of external capital. Net sales abroad of outstanding Canadian issues declined by $5 million while the net inflow of capital from transactions in foreign securities rose by $10 million. At the same time, redemptions of foreign-held Canadian securities were $33 million lower than in 1957. There was also a decline in 1958 in the net inflow of funds on account of all other capital movements. None the less, total net capital imports were sufficient to finance our deficit on current account and Canada's foreign exchange reserves rose in 1958. At December 31, 1958, our reserves amounted to $1,939 million, expressed in U.S. funds, compared with $1,828 million at the same date in 1957.

TABLE 12
CANADA'S OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS
AS AT DECEMBER 31

—	1955	1956	1957	1958
	(Millions of U.S. Dollars)			
Exchange Fund Account and Bank of Canada—				
Gold	1,133.9	1,103.3	1,100.3	1,078.1
U.S. Dollars	692.0	798.0	691.5	794.1
Other Government of Canada Accounts	74.9	34.9	36.5	66.9
Total Gold and U.S. Dollars	**1,900.8**	**1,936.2**	**1,828.3**	**1,939.1**

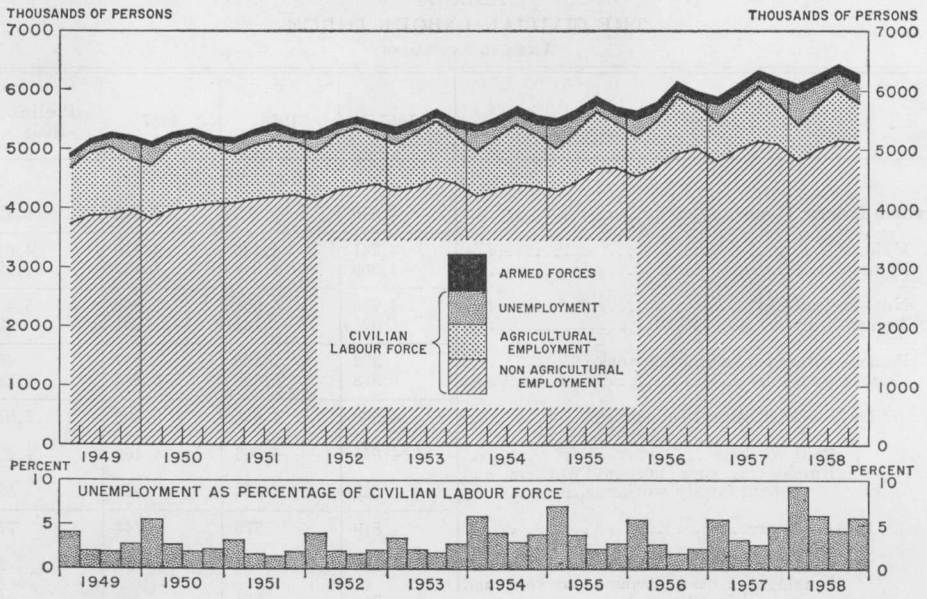
Apart from some interruption in the late summer of 1958, the exchange value of the Canadian dollar rose during the year. For December, 1958, the average rate of exchange for the United States dollar was 96.46 compared with 97.74 for December, 1957. The upward trend was reversed in early 1959 and there was some decline in the exchange value of the Canadian dollar.

EMPLOYMENT AND EARNINGS

In the absence of any marked change in output, total employment in 1958 remained relatively stable. The average number of persons with jobs in 1958 amounted to 5,722,000 or 24,000 persons below the level reached in the previous year. This decline of less than one-half per cent, although quite moderate, contrasted with the expansion in employment of 2.6 per cent in 1957 and 4.2 per cent in 1956. The labour force participation rate in 1958 was substantially the same as in the previous year but the pronounced drop in immigration was more than offset by population growth in the active age groups and as a result there was a further expansion in the labour force. It is estimated that 124,000 persons entered the labour market in 1958, a rise of 2.1 per cent compared with the expansion of 3.8 per cent in 1957 and 3.1 per cent in 1956. This increase in the labour force accompanied by the lack of additional employment opportunities resulted in a substantial growth in unemployment. However, apart from seasonal movements, unemployment ceased to rise after mid-1958 and began to decline in January, 1959.

In 1958 agricultural employment fell by 4 per cent, a reduction of 32,000 in the number of persons with jobs in this industry. The major part of the decline was a reflection of the movement from rural to urban occupations which has been evident throughout the postwar period. It is estimated that in 1958 some 26,000 persons left the agricultural labour force compared with 30,000 persons in 1957 and 44,000 persons in 1956.

THE LABOUR FORCE



In 1958 there was a further rise in the number of persons with jobs in non-agricultural occupations but the increase was quite small and averaged 8,000 persons. The fractional growth of less than one-half per cent in non-agricultural

employment compares with a gain of 176,000 persons or 3.6 per cent in the previous year. On a seasonally adjusted basis, non-agricultural employment reached a peak in September, 1957, and subsequently declined by 1.4 per cent to a low point in February, 1958. This was followed by irregular gains and in December, 1958, non-agricultural employment was only slightly below the high point reached 15 months earlier.

The pattern of employment for the main industrial groups reflected, on the one hand, a declining trend in the goods producing sector, and on the other hand, a continued upward movement in the service industries. A sharp fall in employment occurred in the forestry industry. There were also declines in mining, manufacturing and construction. Except for transportation, storage and communication, gains in employment continued in all the service industries although the expansion was smaller than in 1957.

For the year 1958 there were on the average 405,000 persons without jobs and seeking work compared with 257,000 persons in 1957 and 180,000 persons in 1956. Unemployment in 1958 as a proportion of the labour force was higher than in any other postwar year and amounted to 6.6 per cent compared with 4.3 per cent in 1957 and 3.1 per cent in 1956. At the seasonal peak of unemployment in 1958 the increase over the previous year amounted to 252,000 persons without jobs and seeking work. At the seasonal low point the increase over 1957 numbered 107,000 unemployed persons. At the end of 1958 the gap had narrowed to 48,000 persons. In contrast to 1957 when unemployment at the end of the year was larger than at the start of the year, there was a slackening in the growth of unemployment during 1958, and the number of persons without jobs in December was lower than at the beginning of the year. In February, 1959, the number of persons without jobs and seeking work was virtually unchanged from the previous month and on a year-over-year comparison there was a decline in unemployment.

TABLE 13

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES

—	1955	1956	1957	Prelim. 1958
	(Thousands of persons)			
Civilian Labour Force	5,610	5,782	6,003	6,127
Male	4,341	4,436	4,570	4,634
Female	1,269	1,346	1,433	1,493
Non-Agricultural	4,785	5,001	5,252	5,402
Agricultural	825	781	751	725
Persons without jobs seeking work	232	180	257	405
Persons with jobs	5,378	5,602	5,746	5,722
In Non-Agricultural Industries	4,560	4,826	5,002	5,010
Paid Workers	4,041	4,303	4,460	4,481
Employers, own account workers and unpaid family workers	519	523	542	529
In Agriculture	819	776	744	712
Paid Workers	106	102	96	97
Employers, own account workers and unpaid family workers	713	674	648	615

After a long period of steady growth, labour income, on a seasonally adjusted basis, began to fall in September, 1957, but the decline was moderate and the expansion in wage and salary payments was resumed in February, 1958. Labour

income rose with few interruptions and stood at a new high in December, 1958, about 5 per cent above the low point reached 11 months earlier. For 1958 as a whole total wage and salary payments rose by 2 per cent compared with increases of 7½ per cent in 1957 and 11 per cent in 1956. As in previous years, the higher level of labour income was shared by a larger number of paid workers. In 1958 there was a rise of 22,000 in the number of paid workers and average annual earnings on a per capita basis amounted to $3,534, a gain of $61 or 1.8 per cent compared to the increase of $132 or 4 per cent in 1957. Higher rates of pay were instrumental in bringing about the improvement in per capita earnings in 1958 since there was some decline from the previous year in the average number of hours worked per week. In manufacturing average hourly earnings rose by 3.6 per cent compared with 5.6 per cent in 1957 and this trend is indicative of the slow-up in pay rate increases over a wide area of the economy. The advance in per capita earnings in 1958 failed to keep pace with the rise in consumer prices and there was a slight decline in real income.

In 1958 higher earnings in the form of salary and wage payments were concentrated in the service industries. In this sector of the economy labour income rose by about 6 per cent compared with the advance of 10 per cent in 1957. The growth in labour income for public utilities, governments, finance and related groups was somewhat more buoyant than for the service sector as a whole. There was a decline in wages and salaries paid out in the major goods producing industries, except in agriculture. Labour income in the forestry industry was about one-fifth lower than in 1957. Earnings in construction fell by 5 per cent whereas the drop in labour income for manufacturing and mining was less pronounced and ranged between one and 2 per cent.

MONETARY AND CREDIT DEVELOPMENTS

In Canada as well as in the United States, the change from economic recession to recovery during 1958, and the excess of government expenditures over government revenues, had important effects on monetary and credit conditions. The attitude of the investing public in both countries underwent a significant change towards the middle of the year and there was a fall in bond prices in North American capital markets notwithstanding the substantial increase in the money supply which took place. The course of events in Canada was influenced, to a large extent, by developments in the United States.

The Canada Conversion Loan 1958 was an important event in Canadian financial developments during the year. The sale of longer-term bonds to the public in exchange for their holdings of shorter-term Victory Loan issues was the largest financial operation ever undertaken in Canada and brought about the conversion of over 90 per cent of the $6,416 million of eligible issues. The Conversion Loan, which was announced in July and concluded in September, had the effect of lengthening the term to maturity of outstanding Government of Canada issues from just over six years to somewhat more than ten years. This reorganization of the government debt structure was designed to provide an improved base for future government financing operations and to assist in the orderly development of the Canadian money market.

Following the decline from the levels reached in the summer of 1957, interest rates in Canada increased again in the second half of 1958. The upward trend in yields for three-month treasury bills was particularly pronounced and rates rose from a low of less than one per cent in July to 3.56 per cent in December, 1958. During the succeeding two months, yields remained relatively stable but rose again in the latter half of February, 1959. The change in rates for medium-term Government of Canada bonds followed a similar pattern. The yield on the 2¾ per cent issue of June, 1967-68 stood at 4.48 per cent in

TABLE 14

YIELDS ON GOVERNMENT SECURITIES
CANADA AND THE UNITED STATES

—	Government Securities Selected Issues						3 Month Treasury Bills[3]			Bank Rate	
	Canada	U.S.	Spread[1]	Canada	U.S.	Spread[2]	Canada	U.S.	Spread	Canada	U.S.
1955—											
March	3.14	2.84	.30	2.84	2.65	.19	1.20	1.29	−.09	1.50	1.50
June	3.14	2.83	.31	2.87	2.75	.12	1.34	1.51	−.17	1.50	1.75
September	3.27	2.99	.28	3.08	2.90	.18	1.78	2.10	−.32	2.00	2.25
December	3.44	2.94	.50	3.42	2.86	.56	2.60	2.59	.01	2.75	2.50
1956—											
March	3.37	2.94	.43	3.30	2.88	.42	2.62	2.37	.25	2.75	2.50
June	3.38	2.94	.44	3.40	2.90	.50	2.67	2.58	.09	3.00	2.75
September	3.76	3.28	.48	3.81	3.33	.48	3.05	2.77	.28	3.25	3.00
December	3.88	3.34	.54	4.00	3.39	.61	3.59	3.27	.32	3.84	3.00
1957—											
March	3.92	3.27	.65	4.06	3.35	.71	3.73	3.24	.49	3.98	3.00
June	4.16	3.52	.64	4.49	3.70	.79	3.79	3.26	.53	4.04	3.00
September	4.33	3.67	.66	4.71	3.82	.89	3.93	3.63	.30	4.18	3.50
December	3.79	3.27	.52	3.66	3.04	.62	3.64	3.14	.50	3.89	3.00
1958—											
March	3.83	3.28	.55	3.56	2.87	.69	2.42	1.53	.89	2.67	2.25
June	3.81	3.22	.59	3.39	2.81	.58	1.78	0.95	.83	2.03	1.75
September	4.09	3.79	.30	3.67	3.62	.05	2.17	2.61	−.44	2.42	2.00
December	4.42	3.81	.61	4.48	3.83	.65	3.56	2.90	.66	3.81	2.50

[1]Canada 3¼%, Oct. 1/79. U.S. 3¼% June 15/78–83. Wednesday nearest 15th of month.
[2]Canada 2¾% June 15/67–68. U.S. 2½% Dec. 15/63–68. Wednesday nearest 15th of month.
[3]Average tender nearest 15th of month.

December, 1958, compared with 3.39 per cent in June, 1958. There were further increases in 1959 and in early March the yield rose to 4.79 per cent. Relatively more stability prevailed in the market for long-term government bonds and the yield of the 3¼ per cent issue of October, 1979, had reached in December, 1958, a level somewhat above the previous peak reached in 1957. The yield rose further in 1959. The Bank of Canada discount rate, which is set on the basis of one-quarter per cent above the average tender rate for treasury bills, increased to 3.81 per cent in December, 1958. At the beginning of April, 1959, the Bank of Canada discount rate stood at 4.58 per cent.

Interest rates for provincial, municipal and industrial bonds, following the decline from the levels reached in the third quarter of 1957, also increased during the latter part of 1958 and early 1959. In February, 1958, the prime commercial rate charged by the chartered banks was lowered to 5¼ per cent and remained at this level until March, 1959.

The decline from the peak in 1957 was more pronounced for Canadian medium- and long-term interest rates than for comparable United States rates so that spreads between Canadian and United States rates narrowed somewhat. The upturn of interest rates after mid-1958 was at first much sharper in the United States and the differential was substantially reduced. The situation was reversed in the fourth quarter of 1958 and in general the spreads in December were wider than at the same time in 1957. Some further widening in spreads occurred in February, 1959.

The amount of funds obtained by provinces and municipalities from net new bond issues at home and abroad increased by $163 million in 1958 but this was more than offset by the reduction in corporate borrowing. As a result total

net bond issues of provinces, municipalities and corporations declined by $168 million to a level of $1,602 million compared with $1,770 million in 1957 and $1,570 million in 1956. Net issues of corporate stocks, which reached a peak of $688 million in 1956, continued to decline for the second successive year and amounted to $290 million in 1958. Corporate bond issues were concentrated in the first half of 1958, whereas equity funds played a larger role in corporate financing during the latter part of the year and about one-half of total new stock issues were placed in the fourth quarter.

For all levels of government, the amount of new bond issues sold abroad rose above the 1957 level. As in the previous year, the proportion of funds raised in foreign markets was particularly large in the case of municipal borrowing. On the other hand, new corporate bond issues sold to non-residents declined sharply in 1958 and accounted for about one-third of corporate net bond issues compared to one-half of corporate net borrowing in 1957. As a result of these trends, total net new bond issues sold abroad declined in 1958 by $77 million. Total net new bond issues sold to non-residents amounted to $538 million and less than one-third of total sales took place in the second half of 1958.

Action by the Bank of Canada led to a substantial increase in the cash reserves of the chartered banks in 1958. The increase in cash reserves of the banks was reflected in the expansion of $1,277 million in total bank assets and over two-thirds of this increase took the form of additional purchases of government securities. The total of other liquid assets rose only moderately since the increase in some categories was partly offset by lower holdings of day-to-day loans, call loans and net foreign assets. About one-fourth of the growth in

TABLE 15

CHARTERED BANK ASSETS

(month-end figures)

—	As at Dec. 31 1958	Changes[1] Calendar Years			
		1955	1956	1957	1958
	(Millions of dollars)				
Bank of Canada notes and deposits	1,001	49	42	−16	135
Day-to-day loans	123	13	−7	136	−87
Treasury bills	950	67	313	65	145
Sub-total	2,074	129	348	185	193
Government bonds	2,562	−321	−957	44	727
Call loans	116	36	−20	35	−75
Net foreign assets[2]	88	−41	6	41	−55
Total of foregoing assets	4,840	−197	−623	305	790
Canadian loans (other than day-to-day and call loans)	5,296	759	532	114	82
Insured mortgages	790	220	199	93	204
Non-Government securities	1,164	228	−58	−8	202
Total of above assets	12,089	1,009	50	504	1,277

[1]To make the statistics for the different periods in this table comparable certain approximate adjustments have been made in calculating changes in loans and investments. The 1956 figures have been adjusted for the reclassification of foreign currency loans from Canadian loans to net foreign assets which was made in the returns of the banks to the Department of Finance, and the 1957 figures for the change in the allocation of inner reserves consequent upon the change in the method of valuing Government and provincial securities required in the returns of the banks to the Department of Finance.

[2]Total foreign currency assets less total foreign currency liabilities. Excludes foreign currency securities issued by Canadian borrowers.

total bank assets was accounted for by increased investment in insured mortgages and in non-government securities.

For the year 1958 as a whole, the demand for loans rose only moderately and bank loans other than day-to-day and call loans increased by $82 million compared with the expansion of $114 million in 1957 and the growth of $532 million and $759 million in 1956 and 1955 respectively. There was approximate stability in combined lending to provincial and municipal governments but loans to grain dealers declined by $61 million. Instalment finance companies increased their bank indebtedness but this was more than offset by a decline in the outstanding amount of commercial paper issued by these institutions. In the latter part of 1958, general loans rose above the level in the previous year and in December, 1958, the total amounted to $4,138 million or $75 million higher than at the same date in 1957. Personal loans expanded throughout 1958 and for the year as a whole the increase amounted to $173 million. Loans to farmers and to financial as well as social institutions also rose whereas bank advances to industry, to merchandizers and to some of the service industries declined in 1958.

TABLE 16

GENERAL PUBLIC[1] HOLDINGS OF CURRENCY, BANK DEPOSITS, AND GOVERNMENT OF CANADA SECURITIES AS AT DECEMBER 31

—	1955	1956	1957	1958
	(Millions of dollars)			
Currency—notes and coin	1,550	1,605	1,667	1,781
Bank deposits—				
Deposits other than personal savings deposits[2]	3,697	3,580	3,725	4,303
Personal savings deposits[2]	5,633	6,007	6,108	6,844
Total bank deposits	9,330	9,587	9,833	11,147
Government Securities—				
Market securities	6,536	6,225	6,045	6,073
Non-market securities	2,433	2,541	2,649	2,895
Total government securities	8,969	8,766	8,693	8,968
Total liquid assets	19,849	19,958	20,193	21,895

[1] Includes all holdings other than those of the banking system and the federal government and government accounts.

[2] The deposit balances of religious, educational and welfare institutions and personal accounts used mainly for business purposes were reclassified from "personal savings deposits" to "other notice deposits" as at September 30, 1957 in the returns of the banks to the Department of Finance. The figures prior to September 30, 1957 are thus not comparable with those since that date. The amount of deposits reclassified was approximately $140 million.

Holdings by the public of currency, bank deposits and Government of Canada securities expanded in 1958 by $1,702 million compared with the advance of $235 million in 1957. Holdings for all the main classes of liquid assets rose in 1958. The growth of $1,314 million in bank deposits accounted for the major part of the overall increase. Holdings of government securities at the end of 1958 were $274 million higher than at the same date in the previous year. Substantially larger holdings of Canada Savings Bonds were mainly responsible for the upward movement in the amount of government securities held by the public. However, the relatively moderate advance of $28 million in holdings of market issues hides substantial fluctuations which occurred during the course of 1958. There was a decline of $482 million for the first nine months of 1958 and this was followed in the fourth quarter by the addition of $509 million to the holdings of market securities by the public.

The total amount of Federal Government direct and guaranteed securities outstanding increased by $1,251 million in 1958. Comparing holdings at the end of 1958 with holdings at the same date in the previous year, there was an increase of $1,086 million in the amount of this debt held by the banking system and an expansion of $274 million in the amount held by the general public. This was partly offset by a decrease of $109 million in government accounts.

PRICE TRENDS

The upward movement in the consumer price index which began in mid-1956 continued with few interruptions in 1958. In the fourth quarter of 1958 consumer prices were 2.4 per cent higher than in the same period a year earlier. This compares with an advance of 2.6 per cent for the twelve-month period ending in the fourth quarter of 1957. For the year 1958 as a whole the average level of consumer prices increased by 2.6 per cent or less than in 1957 when a rise of 3.2 per cent occurred. The upswing in retail prices during 1958 was accompanied by a more or less stable trend in wholesale prices for the first nine months of the year. This was followed by some rise in the wholesale index beginning in the fourth quarter of 1958 and in February, 1959, wholesale prices were 1.4 per cent higher than a year earlier, 7.7 per cent above the low point of recent years reached in October, 1954, but were 5.3 per cent below the high point of the post-war years reached in mid-1951. In both years, 1958 as well as 1957, there was only a fractional increase in the average annual level of wholesale prices.

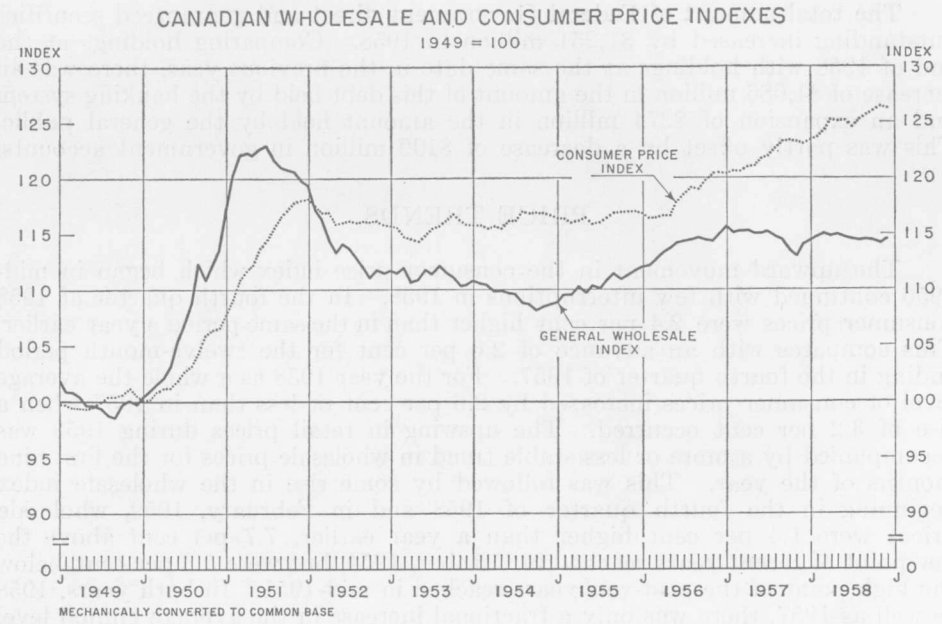
TABLE 17

CONSUMER PRICE INDEXES

1949=100

—	Total	Food
1955	116.4	112.1
1956	118.1	113.4
1957	121.9	118.6
1958	125.1	122.1
1958—January	123.4	119.4
February	123.7	119.9
March	124.3	121.3
April	125.2	123.4
May	125.1	122.7
June	125.1	122.7
July	124.7	121.4
August	125.2	122.6
September	125.6	122.9
October	126.0	123.4
November	126.3	123.2
December	126.2	122.2
1959—January	126.1	122.3
February	125.7	121.2
March	125.5	120.0

The consumer price index rose during the first four months of 1958 from 123.4 in January to 125.2 in April. There was a decline in the succeeding three months and the index stood at 124.7 in July. The upward movement was resumed in August and consumer prices reached a high of 126.3 in November. Slight declines occurred in the next four months to 125.5 in March, 1959, which left the index at a level one per cent higher than in the same period a year earlier. For 1958 all major components of the index followed an upward trend.



The largest increase occurred in the cost of services where prices rose by close to 4 per cent. The average level of food prices in 1958 was up 3 per cent compared to the advance of 4.6 per cent in 1957. However, in March, 1959, food prices were 1.1 per cent lower than a year earlier. Canadians had to pay more for shelter in 1958 and the index rose by 2.6 per cent. More moderate increases took place in the other two components, clothing and household operations.

TABLE 18

WHOLESALE PRICE INDEXES

(1935-39=100)

—	General Wholesale Prices	Fully and Chiefly Manufactured Goods	Canadian Farm Products
1955	218.9	224.5	212.6
1956	225.6	231.5	214.2
1957	227.4	237.9	210.8
1958	227.6	238.3	216.5
1958—January	226.8	237.7	208.4
February	227.7	238.4	214.0
March	228.1	238.3	220.6
April	227.9	238.5	222.7
May	228.1	238.4	223.1
June	227.4	238.0	221.1
July	227.0	237.8	219.4
August	226.8	238.0	215.9
September	227.1	238.3	211.1
October	226.9	238.0	211.8
November	228.5	238.6	212.1
December	229.1	239.4	217.6
1959—January	229.7	240.6	217.7
February	230.8	241.3	215.4

NOTE: 1958 indexes are preliminary. The Canadian Farm Products index is fully revised only up to July 1957 and does not reflect final payments on all grains for subsequent months.

The United States consumer price index also reflected the continued upward trend in prices. The index registered an average increase of 2.7 per cent for the year 1958, an advance comparable to the movement in Canadian consumer prices. Food prices in the United States levelled out in the second half of 1958 but for the year as a whole the index was 4.2 per cent above 1957.

During the twelve-month period to December, 1958, wholesale prices rose by 1.3 per cent whereas for the year 1958 as a whole the general index remained practically unchanged from the level in 1957. This difference came about mainly because of the strengthening in wholesale prices which occurred in the fourth quarter of 1958 in contrast to the decline in the same period of 1957. A pattern similar to the trend in the general index prevailed in the broad industrial categories of wholesale prices. In a year-over-year comparison prices fell in 1958 except for manufactured products. The decline was particularly pronounced for industrial materials and metals. However, in the latter part of 1958, the indexes for all the major industrial classifications stood at a higher level than a year earlier. The sharpest recovery occurred in prices for non-ferrous metals and raw materials. In 1958 there was also a substantial advance in prices for Canadian farm products.

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1958-59

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PART II

REVIEW OF GOVERNMENT ACCOUNTS 1958–59

1. INTRODUCTION

The figures presented in this Part for the fiscal year 1958-59 are preliminary and subject to revision. The fiscal year of the Government ended on March 31 but the books must remain open for some time after that date to record various adjusting entries and to take into account all payments up to and including April 30 made on account of expenditures originating in and properly chargeable to the fiscal year 1958-59. The final figures when they become available next August may vary to some extent from those given in the following pages.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1958-59

The following table summarizes the financial operations of the government for the fiscal year and indicates how the budgetary and non-budgetary transactions, together with changes in the unmatured debt, affected the government's cash balances. In the sections entitled "The Budgetary Accounts" and "The Cash Position" a more detailed explanation of these transactions is given.

TABLE 1
(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31			
	1959 (estimated)		1958	
Budgetary transactions—				
Revenues—				
Tax	4,274		4,623	
Non-tax	496		426	
	4,770		*5,049*	
Expenditures—				
Defence	−1,437		−1,687	
Non-defence	−3,950		−3,400	
	−5,387		*−5,087*	
Deficit (−)		−617		−38
Non-budgetary transactions—				
Receipts and credits (excluding unmatured debt transactions)—				
Repayments of loans, investments and working capital advances	103		119	
Net government annuities account receipts	58		58	
Net insurance and pension account receipts	523		221	
Net sales of investments of unemployment insurance fund	238		135	
Other non-budgetary receipts	192		33	
	1,114		*566*	
Disbursements and charges (excluding unmatured debt transactions)—				
Loans, investments and working capital advances	−882		−351	
Net payments from the unemployment insurance fund	−242		−131	
Net payments from special defence accounts	−218		− 8	
Other non-budgetary disbursements	−418		−203	
	−1,760		*−693*	
Net amount required for (−) non-budgetary transactions		−646		−127
Overall cash requirements (−) to be financed by an increase in debt or decrease in cash balances		−1,263		−165
Net increase in unmatured debt outstanding in the hands of the public		1,429		(1)
Net increase or decrease (−) in Receiver General bank balances		166		−165

(1) Less than $500,000.

Budgetary transactions

Revenues of the government for the fiscal year ended March 31, 1959 amounted to $4,770 million. This was $120 million or about 3 per cent more than last year's budget forecast as revised on August 13, 1958 to $4,650 million and $278 million or 6 per cent less than the total of $5,048 million collected in 1957-58.

Expenditures amounted to $5,387 million and were $37 million or less than 1 per cent more than the budget forecast as revised on September 6, 1958 to $5,350 million to take into account the special wheat acreage payments and other commitments arising out of the further supplementary estimates, and $300 million or 6 per cent more than the total spent in 1957-58.

On the basis of these figures the deficit for the fiscal year was $617 million compared with the Minister's revised forecast on September 6, 1958 of a deficit of $700 million and a deficit of $38 million for 1957-58.

On the revenue side of the government's budgetary operations collections have shown a decline from the previous year. This was due partly to the fact that the general level of activity and production in the economy was somewhat less than in 1957-58 and partly to the tax reductions announced in December, 1957 and June, 1958. Although receipts from excise and succession duties and non-tax revenues exceeded those of the previous year, these increases were more than offset by reductions in the receipts from personal, corporation and non-resident income taxes, excise taxes and customs import duties.

On the expenditure side defence was again the most significant feature in the government's programme. In 1958-59 defence expenditures amounted to $1,437 million, a decrease of $250 million or 15 per cent from the preceding year and represented 27 per cent of the government's total budgetary outlay. For the most part this decrease is due to the policy announced in the budget speech of June 17, 1958 of liquidating the balance in the national defence equipment account during the fiscal year. Equipment purchases totalling $212 million were charged to the account during 1958-59 compared with $24 million in the previous year. In 1957-58 defence expenditures amounted to $1,687 million and constituted 33 per cent of the total.

Non-budgetary transactions

Although the budgetary deficit for 1958-59 was $617 million, the government's bank balances at the end of the fiscal year were $166 million greater than a year ago. This increase in cash balances was the net result of budgetary requirements of $617 million, requirements of $882 million for loans, investments and working capital advances and of $878 million for other non-budgetary disbursements offset by non-budgetary receipts and credits of $1,114 million from repayments of loans and investments, annuity, insurance and pension accounts receipts and other non-budgetary sources and an increase of $1,429 million in outstanding unmatured debt.

Old age security fund

Pension payments from the old age security fund amounted to $560 million and tax receipts credited to the fund totalled $376 million, and the deficit of

$184 million for the fiscal year was covered by a temporary loan by the Minister of Finance to the fund. During 1957-58 pension payments amounted to $474 million and tax receipts credited to the fund to $372 million resulting in an excess of pension payments over tax receipts of $102 million which together with the remainder of the 1956-57 deficit of $2 million was charged to expenditures in 1957-58 under the authority of a vote of parliament. Parliament has authorized the writing-off to expenditure in 1958-59 temporary loans of $184 million outstanding at March 31, 1959.

Debt transactions

During 1958-59, the government issued securities amounting to $9,286 million (excluding the refunding of treasury bills which mature periodically) and redeemed or converted issues in the amount of $7,973 million, resulting in an increase of $1,313 million in unmatured debt. As other liabilities increased by $488 million the government's gross public debt increased by $1,801 million to $20,220 million at March 31, 1959. During the fiscal year the government's net assets increased by $1,161 million to $8,534 million. As a result the government's net debt at March 31, 1959 was $11,686 million, the increase of $640 million reflecting the budgetary deficit for the fiscal year of $617 million plus an adjustment of $23 million in respect of prior years transactions.

Cash position

Receiver General bank balances increased $166 million during the fiscal year as net budgetary and non-budgetary requirements totalled $1,263 million and outstanding unmatured debt (after taking into account transactions in the securities investment and sinking fund accounts) increased by $1,429 million.

3. THE BUDGETARY ACCOUNTS

Total revenues, amounting to $4,770 million for 1958-59, were $278 million less than the total for the previous year. Total expenditures were $5,387 million, an increase of $300 million over the total for 1957-58. The deficit for the fiscal year was $617 million compared with $38 million for the previous year.

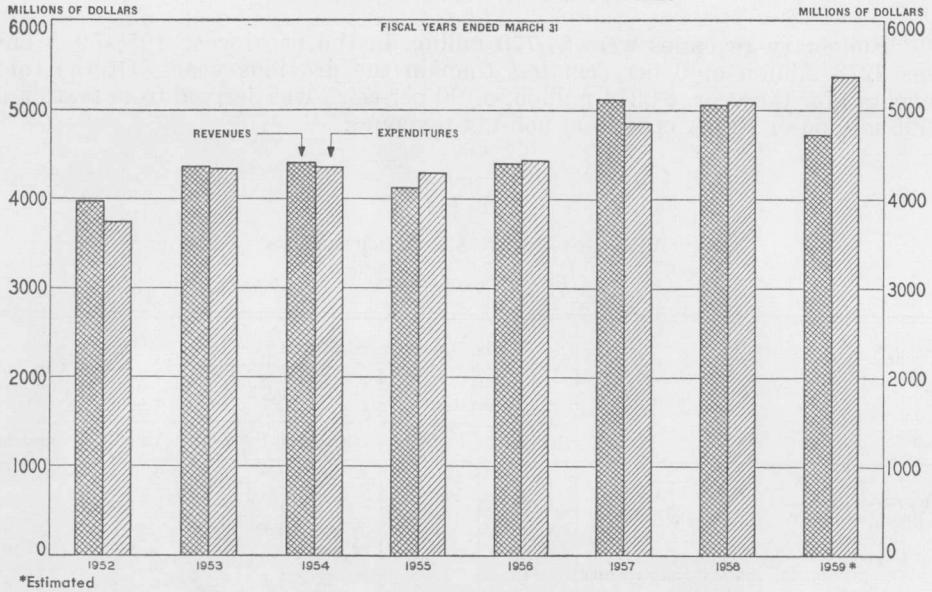
TABLE 2

BUDGETARY REVENUES, EXPENDITURES AND SURPLUS OR DEFICIT

(in millions of dollars)

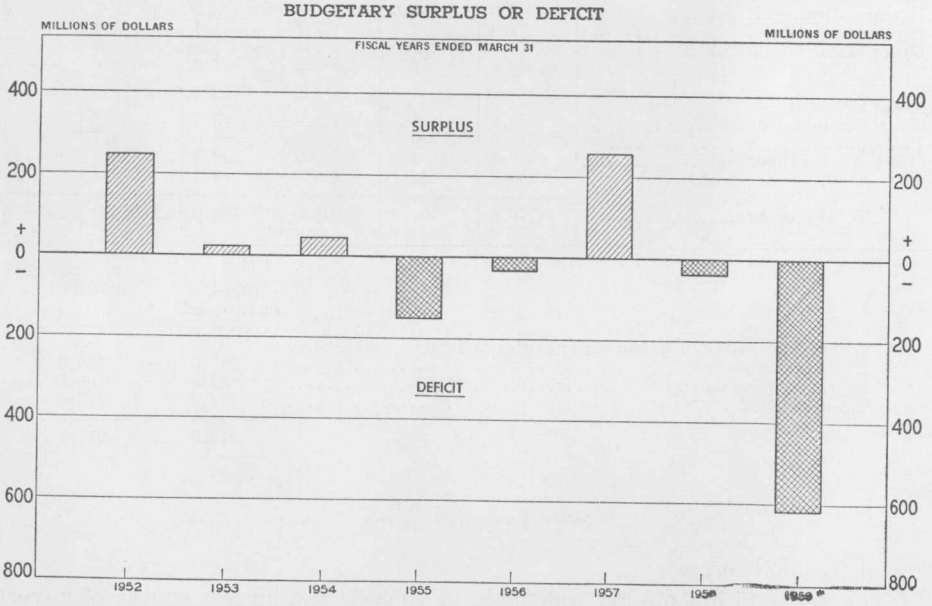
Fiscal year ended March 31	Budgetary revenues	Budgetary expenditures	Surplus or deficit (—)
1955	4,123.5	4,275.3	—151.8
1956	4,400.0	4,433.1	— 33.1
1957	5,106.5	4,849.0	257.5
1958	5,048.8	5,087.4	— 38.6
1959 (estimated)	4,770.8	5,387.4	—616.6

BUDGETARY REVENUES AND EXPENDITURES



*Estimated

BUDGETARY SURPLUS OR DEFICIT



*Estimated

A. Revenues

Budgetary revenues were $4,770 million in the fiscal year 1958-59. This was $278 million or 6 per cent less than in the previous year. Of the total revenues for the year, $4,274 million, or 90 per cent, was derived from taxes and $496 million or 10 per cent from non-tax revenues.

TABLE 3

Budgetary Revenues by Major Sources

(in millions of dollars)

Source	Fiscal year ended March 31				Increase or decrease (—)	
	1959 (estimated)		1958			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenues—						
Income tax—						
Personal [1]	1,371.0	28.8	1,499.8	29.7	−128.8	− 8.6
Corporation [1]	1,029.0	21.6	1,234.8	24.5	−205.8	−16.7
On dividends, interest, etc., going abroad	60.0	1.3	64.3	1.3	− 4.3	− 6.7
Excise taxes—						
Sales [1]	694.0	14.5	703.2	14.0	− 9.2	− 1.3
Other	242.4	5.1	249.4	4.9	− 7.0	− 2.8
Customs import duties	486.0	10.2	498.1	9.9	− 12.1	− 2.4
Excise duties	317.6	6.6	300.1	5.9	17.5	5.8
Succession duties	73.0	1.5	71.6	1.4	1.4	2.0
Other taxes	1.2	.....	1.5	.....	− 0.3	−20.0
	4,274.2	*89.6*	*4,622.8*	*91.6*	*−348.6*	*− 7.5*
Non-tax revenues—						
Return on investments	224.6	4.7	169.4	3.4	55.2	32.6
Post office	156.0	3.3	152.9	3.0	3.1	2.0
Other non-tax revenues	116.0	2.4	103.7	2.0	12.3	11.9
	496.6	*10.4*	*426.0*	*8.4*	*70.6*	*16.6*
Total revenues	4,770.8	100.0	5,048.8	100.0	−278.0	− 5.5

	1958–59 (estimated)	1957–58
[1] Excluding tax credited to the old age security fund—		
2% personal income tax	148.0	135.0
2% corporation income tax	55.0	60.7
2% sales tax	173.0	175.8
	376.0	371.5

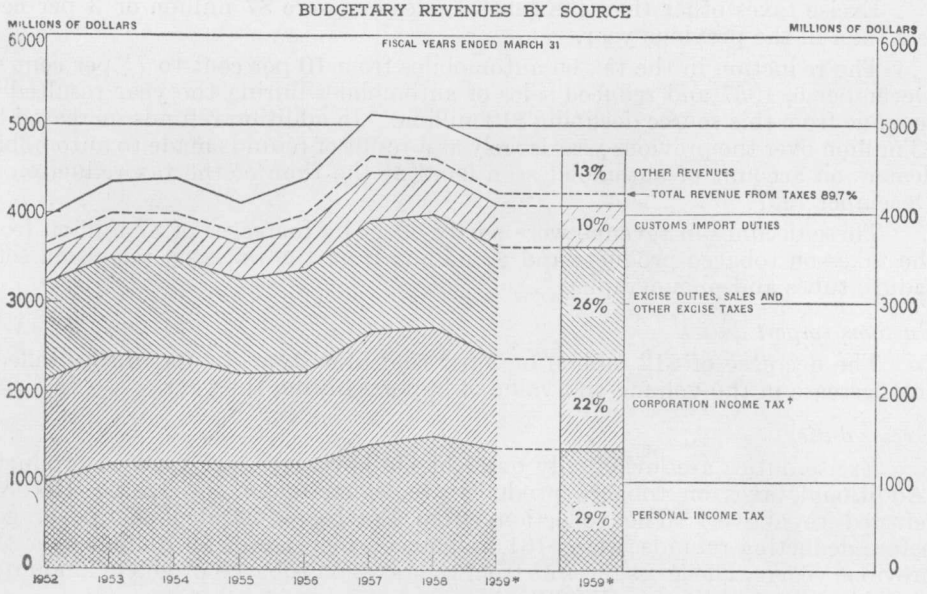
(1) tax revenues

Tax on personal incomes

The personal income tax was again in 1958-59 the largest source of government revenue, the yield (excluding the old age security tax) being $1,371 million. The decrease of $129 million or 9 per cent from the previous year was more than accounted for by the reduction in rates and the increase in exemptions for dependents which became effective in 1958.

In addition the 2 per cent tax on personal incomes levied under the Old Age Security Act yielded $148 million. The maximum tax is $60 per person. This revenue was credited to the old age security fund.

BUDGETARY REVENUES BY SOURCE



†Includes excess profits tax for the year 1952.
*Estimated

Corporation income tax

The corporation income tax (excluding the old age security tax) yielded $1,029 million in 1958-59 and was the second largest revenue producer. The decrease of $206 million or 17 per cent from the previous year was largely due to lower corporate profits in 1958. It is estimated that $12 million of the decrease resulted from the tax change announced in December, 1957 which increased the first bracket subject to the lower rate of tax from $20 thousand to $25 thousand.

In addition the 2 per cent tax on incomes of corporations under the Old Age Security Act yielded $55 million which was credited to the old age security fund.

Taxes on interest, dividends, rents and royalties going abroad

Revenue under this heading is derived from taxes withheld on payments of interest, dividends, rents, royalties, alimony and income from estates and trusts made to non-residents. The decrease of $4 million from the previous year reflected lower corporate profits in 1958 and because some large refunds were made to adjust overpayments of tax in previous years.

Excise taxes

Included under this heading are the revenues from the general sales tax and the special excise taxes levied on a wide range of manufactured products.

The most important tax levied under the Excise Tax Act from a revenue standpoint is the sales tax. The decrease of $9 million or 1 per cent in receipts (excluding the 2 per cent old age security tax) from the previous year reflected the new exemptions announced in the 1958 Budget which it is estimated reduced revenue by $7 million.

The 2 per cent tax on sales levied under the Old Age Security Act and credited to the old age security fund yielded $173 million compared to $176 million in the previous year.

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Excise taxes other than the general sales tax were $7 million or 3 per cent less than in the previous year.

The reduction in the tax on automobiles from 10 per cent to 7½ per cent on December 6, 1957 and reduced sales of automobiles during the year resulted in revenue from this source declining $12 million. In addition refunds increased by $3 million over the previous year largely as a result of refunds made to automobile dealers on account of automobiles on hand at the time of the tax reduction in December 1957.

These declines in revenue were partly offset by increases of $7 million from the taxes on tobacco products and $2 million from the taxes on television sets, radios, tubes and phonographs.

Customs import duties

The decrease of $12 million or 2 per cent in customs import duties reflects the decrease in the volume and value of imports during the year.

Excise duties

Excise duties are levied only on alcoholic beverages and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act referred to above.) The collections from the taxes on alcoholic beverages, before deducting refunds, were $181 million, an increase of $9 million over the previous year. The gross receipts from the taxes on tobacco products amounted to $141 million, an increase of $9 million.

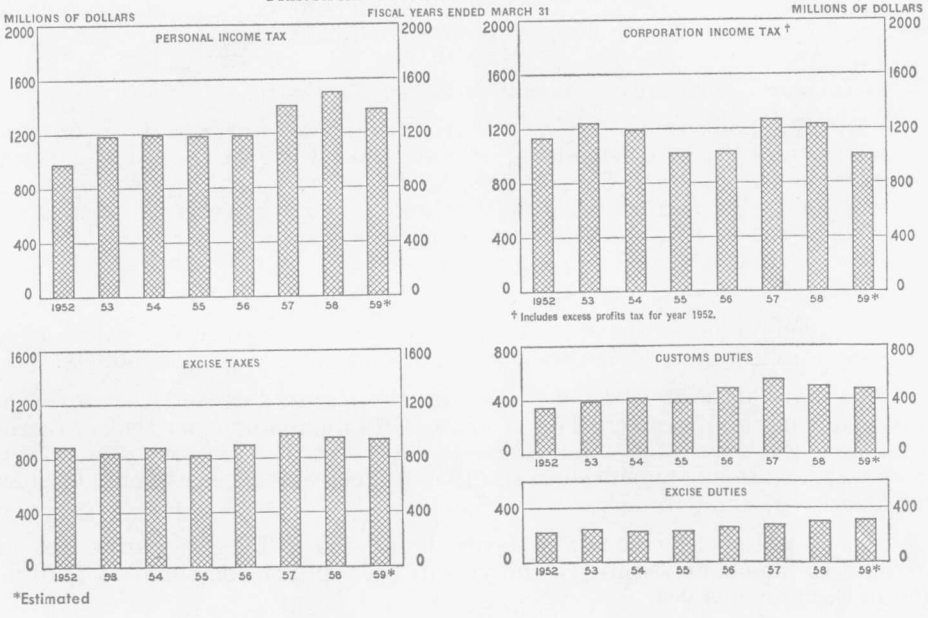
Succession duties

The revenue from this source for the year amounted to $73 million and as for the previous year was affected by collections from two unusually large estates.

Other taxes

Most of the revenue under this heading was received from the special taxes on the export of electrical energy from Canada, but a small amount was also received from the tax on the export of furs from the Northwest Territories.

PRINCIPAL SOURCES OF TAX REVENUES



(2) NON-TAX REVENUES

Non-tax revenues for 1958-59 were $497 million, $71 million or 17 per cent more than the 1957-58 total of $426 million.

TABLE 4

(in millions of dollars)

NON-TAX REVENUES	Fiscal year ended March 31		Increase or decrease (—)	
	1959 (estimated)	1958	Amount	Per cent
Return on investments	224.6	169.4	55.2	32.6
Post office	156.0	152.9	3.1	2.0
Refunds of previous years' expenditures	32.9	28.1	4.8	17.1
Services and service fees	25.7	22.6	3.1	13.7
Proceeds from sales	21.1	22.3	−1.2	−5.4
Privileges, licences and permits	26.1	19.3	6.8	26.1
Bullion and coinage	4.6	5.0	−0.4	−8.0
Premium, discount and exchange	2.0	1.3	0.7	53.8
Other	3.6	5.1	−1.5	−29.4
	496.6	426.0	70.6	16.6

Return on investments

Payments from Crown corporations were $38 million more than in the preceding year due largely to an increase of $20 million in the profits of the Bank of Canada for 1958 transferred to the Receiver General over those for 1957 and an increase of $12 million in interest payments received from Central Mortgage and Housing Corporation.

TABLE 5

(in millions of dollars)

RETURN ON INVESTMENTS	Fiscal year ended March 31		Increase or decrease (—)
	1959 (estimated)	1958	
Loans to, and investments in, Crown corporations—			
Bank of Canada—profits	88.6	68.7	19.9
Canadian Farm Loan Board	1.8	1.6	0.2
Canadian National Railways	16.4	12.5	3.9
Central Mortgage and Housing Corporation	30.1	18.2	11.9
Eldorado Mining and Refining Limited	3.5	3.5	.....
National Harbours Board	3.2	3.4	−0.2
Northern Ontario Pipe Line Crown Corporation	3.0	0.6	2.4
Polymer Corporation Limited	4.0	4.0	.....
Miscellaneous	2.0	2.0	.....
	152.6	*114.5*	*38.1*
Other loans and investments—			
United Kingdom	22.8	0.4	22.4
Other national governments	10.1	9.7	0.4
Provincial governments	0.8	0.9	−0.1
Soldier and general land settlement loans and veterans land act advances	5.0	5.0	.....
Exchange fund account	18.6	22.9	−4.3
Securities investment account	1.5	1.4	0.1
Sinking fund and other investments held for retirement of unmatured debt	5.5	5.9	−0.4
Interest-bearing deposits with chartered banks	4.5	5.3	−0.8
Miscellaneous	3.2	3.4	−0.2
	72.0	*54.9*	*17.1*
	224.6	169.4	55.2

The main receipts from other loans and investments were $23 million in interest received on the 1946 loan to the United Kingdom and $19 million representing exchange fund profits. The former included annual interest of $22 million (the interest payment due December 31, 1957 was deferred) and $1 million in interest on deferred principal and interest payments.

Post office

Gross post office receipts totalled $182 million but authorized disbursements from revenues for salaries and rent allowances at semi-staff and revenue offices, commissions at sub offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., amounting to $26 million, brought the net revenue to $156 million. Last year gross receipts amounted to $178 million and authorized disbursements totalled $25 million.

As costs of operating the post office during 1958-59 (excluding the $26 million charged to revenue) were $158 million, net expenditure exceeded net revenue by $2 million. However, in making this comparison, it is to be noted that the total shown for post office revenue does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Refunds of previous years' expenditures

Refunds in the current fiscal year of expenditures made in prior years totalled $33 million, $5 million more than in 1957-58. These refunds included $20 million received by the Department of National Defence, of which $9 million was on contracts with the United States Government for the supply of engines, aircraft and other defence equipment under an arrangement that when Canada places contracts with the Government of the United States, payments of the estimated costs are made to the United States Treasury and if these estimated costs are revised, or if there are reductions in the contracts, the United States Government refunds the overpayments. In addition $5 million was received by the Department of Finance (of which $4 million was a repayment by the Province of Ontario in connection with succession duty payments under the tax-rental agreements), $2 million by the Department of Veterans Affairs and $6 million by other departments.

Services and service fees

Sums totalling $25 million were collected during 1958-59 by various government departments for services and service fees, $3 million more than the total collected in the previous year.

Revenue from this source included $6 million received by the Department of Trade and Commerce, mainly for services in connection with the inspection, weighing, storage and elevation of grain and for electricity, gas and weights and measures inspection services; $9 million received by the Royal Canadian Mounted Police, mainly for police services to provinces and municipalities; and $4 million received by the Department of Transport, chiefly for wharfage and other canal and marine service fees, steamship inspection, air-ground radio at airports, and government telegraph and telephone services.

Proceeds from sales

Receipts from proceeds from sales were $19 million for 1958-59, $3 million less than the total received in 1957-58.

Receipts under this category included $7 million from Crown Assets Disposal Corporation representing amounts realized from the disposal of surplus Crown assets (after deducting certain agency fees and transfers), $3 million under agreements of sale and $6 million from Central Mortgage and Housing Corporation representing the proceeds from the sale of wartime housing properties and including amounts available as the result of the reversal of the provision for depreciation set aside by the corporation in previous years on properties that have now been sold.

Privileges, licences and permits

Revenues of $26 million were received during the fiscal year on account of privileges, licences and permits compared with $19 million received last year.

Included in these revenues is an amount of $9 million collected by the Department of Transport, mainly on account of aircraft landing fees, rentals of hangar accommodation, and other miscellaneous rental charges, and $6 million by the Department of Northern Affairs and National Resources for oil leases in the Northwest Territories.

Bullion and coinage

Revenue under this heading arose out of the operations of the Royal Canadian Mint and included assaying, refining and handling charges and the net gain on coinage and refining operations.

Premium, discount and exchange

Under this heading is recorded the premiums and discounts incurred in the purchase of foreign currencies. Transactions in the current fiscal year resulted in a net credit of $2 million to revenues compared with $1 million in the previous year.

Other non-tax revenues

Revenues from this source amounted to $4 million, compared with $5 million in 1957-58.

(3) COMPARISON OF ACTUAL REVENUES WITH FORECAST

The Budget Speech on June 17, 1958 forecast that budgetary revenues for the fiscal year 1958-59 would be $4,652 million. On August 13, 1958 the Minister of Finance stated that as a result of further sales tax exemptions provided in the amendments to the Excise Tax Act the revenue forecast for the year would be changed to $4,650 million.

It is now estimated that budgetary revenues for the fiscal year will be $4,770 million or $120 million more than forecast. This increase of about 3 per cent over the budget forecast reflects the fact that economic conditions for the year, as measured by the G.N.P., were slightly better than those on which the forecast of revenues was based.

The following table shows the extent to which actual revenues for 1958-59, as now estimated, differ from the budget forecast.

TABLE 6

COMPARISON OF FORECAST WITH ACTUAL REVENUES FOR FISCAL YEAR ENDED MARCH 31, 1959

(in millions of dollars)

SOURCE OF REVENUES	Budget forecast of revenues[1]	Revenues (estimated)	Increase or decrease (−) compared with budget forecast	
			Amount	Per cent
Personal income tax	1,369	1,371	2	0.1
Non-resident income tax	70	60	−10	−14.3
Corporation income tax	1,019	1,029	10	1.0
Succession duties	65	73	8	12.3
Customs import duties	450	486	36	7.4
Sales tax (net)	698	694	− 4	− 0.6
Excise duties and excise taxes other than sales tax	549	560	11	2.0
Miscellaneous taxes	2	1	− 1	−50.0
Total tax revenues	4,222	4,274	52	1.2
Non-tax revenues	428	496	68	13.9
Total budgetary revenues	4,650	4,770	120	2.5

[1] As amended August 13, 1958.

As the above table shows, the actual revenue from a number of sources is expected to be very close to the amount forecast. The revenue sources which showed a significant difference from the amount forecast are the non-resident income tax, succession duties, customs import duties and non-tax revenues.

The revenue from the tax on income going to non-residents fell below the forecast because dividend payments going abroad were not as high as expected and because some large refunds were made to adjust overpayments of tax in previous years.

The revenue from succession duties has been substantially influenced in the last four years by duties payable on two exceptionally large estates and actual revenues in each year have varied from forecasts because of the difficulty of foreseeing exactly when the duties on these estates would be paid.

The revenue from customs duties exceeded the forecast reflecting the fact that imports in the year did not decline as much as expected.

Non-tax revenues were $68 million above the forecast, due to larger than expected profits from the Bank of Canada and the Central Mortgage and Housing Corporation, and other returns on investments.

B. Expenditures

Budgetary expenditures for 1958-59 amounted to $5,387 million, an increase of $300 million over the 1957-58 total of $5,087 million.

TABLE 7

Statement of Budgetary Expenditures by Departments and Major Classifications

(in millions of dollars)

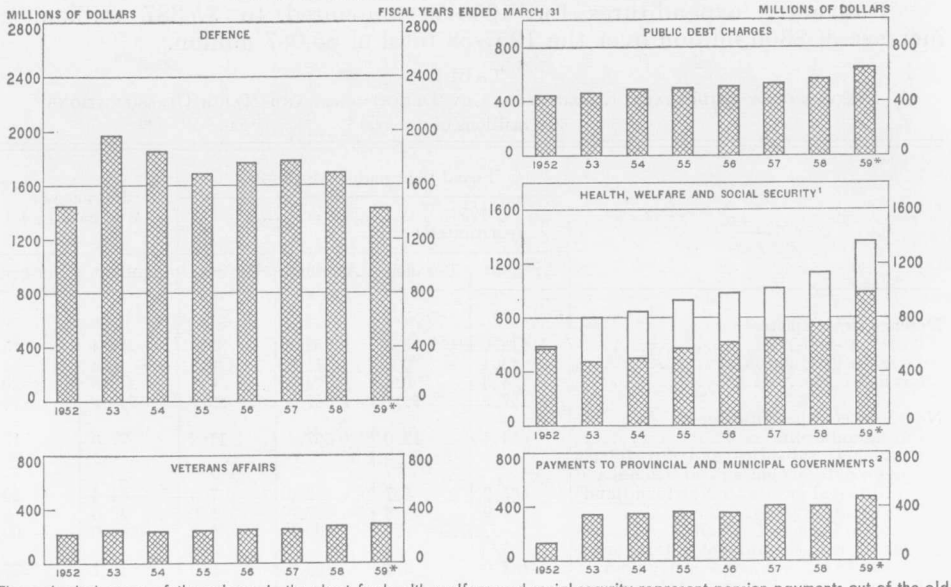
—	Fiscal year ended March 31				Increase or decrease (−)	
	1959 (estimated)		1958			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Defence expenditures—						
National Defence	1,418.0	26.3	1,668.4	32.8	−250.4	−15.0
Defence Production	14.4	0.3	15.0	0.3	− 0.6	− 4.0
Civil defence	4.8	0.1	4.0	0.1	0.8	20.0
	1,437.2	*26.7*	*1,687.4*	*33.2*	*−250.2*	*−14.8*
Non-defence expenditures—						
Public debt charges	644.4	12.0	567.4	11.2	77.0	13.6
Provincial subsidies and tax-sharing payments (including transitional and additional grants to Newfoundland)	467.2	8.7	382.6	7.5	84.6	22.1
Family allowances	474.9	8.8	437.9	8.6	37.0	8.4
Grant to Canada Council	.....	.....	100.0	2.0	−100.0	−100.0
Reduction in the amount of temporary loans to the old age security fund	184.0	3.4	103.9	2.0	80.1	77.1
Unemployment Insurance Act—administration and government's contribution	73.3	1.4	70.3	1.4	3.0	4.3
Government contribution with respect to the superannuation account	37.6	0.7	78.1	1.5	−40.5	−51.9
Government contributions under the Hospital and Diagnostic Services Act	57.8	1.1	.....	.....	57.8	.....
Agriculture	166.5	3.1	94.7	1.9	71.8	75.8
Atomic Energy	26.1	0.5	21.6	0.4	4.5	20.8
Canadian Broadcasting Corporation	62.1	1.1	43.0	0.9	19.1	44.4
Citizenship and Immigration	54.0	1.0	52.4	1.0	1.6	3.1
External Affairs	76.1	1.4	60.2	1.2	15.9	26.4
Finance	76.2	1.4	59.2	1.1	17.0	28.7
Mines and Technical Surveys	45.7	0.8	36.1	0.7	9.6	26.6
National Health and Welfare	155.9	2.9	117.0	2.3	38.9	33.2
National Research Council	25.5	0.5	21.6	0.4	3.9	18.1
National Revenue	69.5	1.3	67.7	1.3	1.8	2.7
Northern Affairs and National Resources	75.0	1.4	49.1	1.0	25.9	52.7
Post Office	157.9	2.9	153.3	3.0	4.6	3.0
Public Works	211.9	3.9	206.0	4.1	5.9	2.9
Royal Canadian Mounted Police	52.8	1.0	47.4	0.9	5.4	11.4
Trade and Commerce	64.9	1.2	56.9	1.1	8.0	14.1
Transport	300.0	5.6	206.7	4.1	93.3	45.1
Veterans Affairs	290.8	5.4	277.2	5.4	13.6	4.9
Other departments	100.1	1.8	89.7	1.8	10.4	11.6
	3,950.2	*73.3*	*3,400.0*	*66.8*	*550.2*	*16.2*
Total budgetary expenditures	5,387.4	100.0	5,087.4	100.0	300.0	5.9

Defence expenditures

Defence expenditures which consist of expenditures of the Departments of National Defence and Defence Production and outlays for the civil defence programme were again the largest category of government budgetary expenditures. The total of $1,437 million for 1958-59 was approximately 27 per cent of the aggregate budgetary expenditures of the government and was $250 million, or about 15 per cent, less than the total of $1,687 million for 1957-58 when defence expenditures were 33 per cent of aggregate budgetary expenditures.

Expenditures of the Department of National Defence were $1,418 million, those of the Department of Defence Production were $14 million and outlays for the civil defence programme were $5 million. In 1957-58, expenditures were $1,668 million, $15 million and $4 million respectively.

PRINCIPAL CLASSES OF BUDGETARY EXPENDITURES



[1] The unshaded areas of the columns in the chart for health, welfare and social security represent pension payments out of the old age security fund not charged to budgetary expenditures in the year in which they were paid.

[2] Does not include those payments to provincial and municipal governments for specific purposes.

*Estimated

TABLE 8

(in millions of dollars)

Defence Expenditure	Fiscal year ended March 31		Increase or decrease (—)
	1959 (estimated)	1958	
Department of National Defence—			
Army services	370.1	378.7	— 8.6
Naval services	208.8	262.6	— 53.8
Air services	593.3	760.1	—166.8
	1,172.2	*1,401.4*	*—229.2*
Defence research and development	78.0	78.7	— 0.7
Mutual aid to NATO countries including contributions towards military costs of NATO	97.0	118.4	— 21.4
Government contribution to the permanent services pension account	49.5	49.7	— 0.2
Administration and general	21.3	20.2	1.1
	1,418.0	1,668.4	—250.4
Department of Defence Production—			
Capital assistance	2.1	4.8	— 2.7
Administration and general	12.3	10.2	2.1
	14.4	*15.0*	*— 0.6*
Civil defence programme	4.8	4.0	0.8
	1,437.2	1,687.4	—250.2

Expenditures for army, naval and air services totalled $1,172 million, $229 million less than the 1957-58 total. The outlay for army services decreased by $8 million, for naval services by $54 million and for air services by $167 million from the previous year's totals. This decrease of $229 million in budgetary

expenditures was due mainly to the policy followed this year of liquidating the balance in the national defence equipment account by charging defence equiment purchases to that account.

Mutual aid to NATO countries and contributions towards the military costs of NATO were $21 million less than in the previous year. Under the provisions of section 3 of the Defence Appropriation Act the Governor in Council may authorize the transfer of defence equipment or supplies and the provision of services or facilities for defence purposes to other parties to the North Atlantic Treaty. The expenditures of $97 million for 1958-59 included $75 million for the transfer of equipment and supplies, $10 million for costs incurred in acquiring and supplying military equipment for, and in the training in Canada of aircrews from countries which are parties to the North Atlantic Treaty and $12 million for Canada's share of the NATO military budgets and infrastructure costs.

Outlays for defence research and development were $78 million compared with $79 million in 1957-58.

The government's contribution to the permanent services pension account of an amount equal to $1\frac{2}{3}$ times the contributions by permanent services personnel was $50 million, the same as in 1957-58.

Administration and general costs increased by $1 million in 1958-59 over the 1957-58 total.

The total expenditure of $14 million for the Department of Defence Production was $1 million less than in 1957-58. A decrease of $3 million in respect of the programme under which capital assistance is given to private contractors, Crown plants operated on a management-fee basis and Crown corporations undertaking contracts essential to the defence programme was partly offset by an increase of $2 million in administration and general costs.

Civil defence expenditures of $5 million were $1 million higher than comparable costs in 1957-58.

In addition to these budgetary expenditures for defence, there were certain other cash outlays which must be considered in assessing the full effect of the defence programme on the economy of Canada.

For several years the estimated replacement value of equipment and supplies acquired by the Department of National Defence prior to March 31, 1950, and later transferred as mutual aid to NATO countries, was credited to the national defence equipment account, to be used subsequently for the purchase of equipment or supplies for the army, naval or air services thereby involving cash outlays which were not reflected as budgetary expenditures. Since 1956 no credits have been made to this account, instead the Defence Services Vote provides that where any equipment or supplies are transferred as mutual aid, the estimated present value thereof shall be credited to that vote. In accordance with the policy outlined in the budget speech of June 17, 1958, the balance remaining in the national defence equipment account has been liquidated in 1958-59. Total charges of $212 million were made to the account in 1958-59 compared with $24 million in 1957-58.

Under section 11 of the National Defence Act there is provision for the sale of materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales are credited to a special account to be used for the procurement of materiel. Net cash outlays from this account during 1958-59 were $6 million leaving a balance of $12 million at March 31, 1959.

The Department of Defence Production also makes cash disbursements, for the procurement of materials for use in the manufacture of defence equipment, which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. As a result of the transactions during 1958-59 the assets of the fund were reduced by $21 million leaving a balance of $34 million in the account at March 31, 1959.

The following table summarizes the cash outlays for defence for the past two fiscal years:

TABLE 9

(in millions of dollars)

Cash Outlays for Defence	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Budgetary expenditures—			
Department of National Defence	1,418.0	1,668.4	−250.4
Department of Defence Production	14.4	15.0	− 0.6
Civil defence programme	4.8	4.0	0.8
	1,437.2	1,687.4	−250.2
Disbursements from—			
National defence equipment account [1]	211.8	24.3	187.5
Replacement of materiel account—sec. 11, National Defence Act (net)	6.2	−16.6	22.8
Defence production revolving fund (net)	−20.5	− 1.8	− 18.7
	197.5	*5.9*	*191.6*
Net cash outlay for defence	1,634.7	1,693.3	− 58.6

[1] Gross disbursements less refunds of expenditures charged to account in previous years.

Public debt charges

In 1958-59 public debt charges were again the second largest item of budgetary expenditures. These charges, which consist of interest on public debt, the annual amortization of bond discounts and commissions, the cost of issuing new loans and other costs incurred in servicing the public debt amounted to $644 million in 1958-59 or 12 per cent of all budgetary expenditures compared with $567 million or 11 per cent in 1957-58.

Interest on public debt was $604 million in 1958-59 an increase of $65 million over the 1957-58 total of $539 million. Interest of $483 million on unmatured debt was $45 million higher due to an increase in unmatured debt and the general rise in interest rates; interest of $121 million on other liabilities was $20 million higher mainly due to increases of $14 million in respect of the permanent services pension account, $4 million in respect of the superannuation account and $2 million in respect of the government annuities account. The increase in respect of the permanent services pension account was mainly due to the fact that the account balance was adjusted upwards by $326 million on April 1, 1958 to reflect an actuarial revaluation of the liability.

The increase of $12 million in other public debt charges was due to new loans issued during the fiscal year.

TABLE 10

(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Interest on public debt—			
Unmatured debt and treasury bills—			
Payable in Canada	473.8	428.0	45.8
Payable in London	1.6	1.5	0.1
Payable in New York	7.9	8.6	−0.7
	483.3	*438.1*	*45.2*
Other liabilities—			
Deposit and trust accounts	3.6	3.4	0.2
Annuity, insurance and pension accounts	117.5	97.7	19.8
	121.1	*101.1*	*20.0*
Total interest on public debt	604.4	539.2	65.2
Other public debt charges—			
Annual amortization of bond discounts and commissions	35.6	26.4	9.2
Cost of issuing new loans	3.7	1.2	2.5
Servicing of public debt	0.7	0.6	0.1
	40.0	*28.2*	*11.8*
	644.4	567.4	77.0

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1958-59 this income was $225 million as shown in the preceding section on revenue. This amount deducted from the gross total of $604 million for interest as shown in the above table leaves a net annual interest charge of $379 million compared with a net of $370 million in 1957-58.

Subsidies and tax-sharing payments to provinces

Payments to the provinces during 1958-59 for statutory subsidies, rentals under the tax-sharing arrangements act, the transitional and additional grants to Newfoundland, and the transfer of a portion of income tax receipts from certain public utility companies amounted to $467 million compared with $383 million in 1957-58.

Charges to budgetary expenditures in 1958-59 under the Federal-Provincial tax-sharing arrangements, including adjustments made on account of the previous year, were $70 million more than in 1957-58. The increase occurred despite a decrease in individual income tax collections and corporation taxable income from the preceding year. The increase was occasioned by the introduction of Atlantic Provinces Adjustment Grants of $25 million of which $7½ million was paid to each of the Provinces of Nova Scotia, New Brunswick and Newfoundland and $2½ million to Prince Edward Island, and the increase of the standard tax rate for individual income from 10% to 13%. An adjustment was required by the tax-sharing arrangements act to compensate for the 1958 reduction in the federal individual income tax rate.

Payments to the provinces under the Federal-Provincial tax-sharing arrangements in 1958-59 were adjusted by deducting a total of $1 million from the tax-

sharing entitlement of the provinces of Newfoundland, Prince Edward Island, New Brunswick, Manitoba and Saskatchewan. This deduction represented recovery of one-fifth of the overpayment made to those provinces under the 1952 tax-rental agreements on account of an over-estimation of their population as revealed by the 1956 census. By memoranda of agreement with the provinces concerned, the 1952 tax-rental agreements were amended to authorize the recovery of the overpayment in equal monthly deductions from the tax-sharing payments of those provinces over the five-year life of the new agreements.

TABLE 11

(in millions of dollars)

Subsidies and Tax-Sharing Payments to Provinces	Fiscal year ended March 31		Increase or decrease (—)
	1959 (estimated)	1958	
Payments under Federal-Provincial Tax-Sharing Arrangements Act, c. 29, Statutes of 1956, as amended, c. 29, Statutes of 1957–58	423.2	353.3	69.9
Statutory subsidies	20.6	20.6	.....
Transitional grant to Newfoundland	1.1	1.4	—0.3
Additional grants to Newfoundland	13.6	.....	13.6
Transfer of certain public utility tax receipts Sec. 6, c. 49, Statutes of 1952	8.7	7.4	1.3
	467.2	382.7	84.5

Under the proposed Newfoundland Additional Grants Act, pursuant to the report of the Royal Commission on Newfoundland Finances appointed under clause 29 of the Terms of Union, Newfoundland is to receive additional grants for the fiscal years 1957-58 to 1961-62 inclusive. The additional grants for the first two fiscal years, which are payable in 1958-59, amount to $13\frac{1}{2}$ million.

Statutory subsidies at $21 million in 1958-59 were unchanged from the previous year.

A summary of payments, by provinces, during 1958-59 is given in the following table:

TABLE 12

(in millions of dollars)

Subsidies and Tax-Sharing Payments to Provinces	Fiscal year ended March 31, 1959 (estimated)				
	Statutory subsidies	Payments under tax-sharing arrangements	Transitional and additional grants	Transfer of certain public utility tax receipts	Total
Newfoundland	1.6	24.4	14.7	0.3	41.0
Prince Edward Island	0.7	6.8	.....	.....	7.5
Nova Scotia	2.0	34.9	.....	0.5	37.4
New Brunswcik	1.7	29.8	.....	0.2	31.7
Quebec	3.3	55.0	.....	2.3	60.6
Ontario	3.6	93.3	.....	1.6	98.5
Manitoba	2.0	33.6	.....	.....	35.6
Saskatchewan	2.1	34.3	.....	0.1	36.5
Alberta	2.3	46.3	.....	2.2	50.8
British Columbia	1.3	64.8	.....	1.5	67.6
	20.6	423.2	14.7	8.7	467.2

The amount of public utility tax receipts transferred to the provinces in 1958-59 amounted to $9 million or $1 million more than in the previous year. Section 6 of the Tax Rental Agreements Act, 1952, authorized the payment to the provinces, whether participating in an agreement or not, of a portion of the income tax collected from corporations whose main business was the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam. The 1958-59 payment represents the transferrable portion of the income tax from the above corporations for the taxation year 1956. This payment is the last transfer authorized under the 1952 Tax Rental Agreements Act.

Family allowances

Family allowances are payable in respect of all children under sixteen resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada a year before an allowance is payable. The monthly allowance is $6 if the child is under 10 years and $8 in the age group 10 to 15. Children of immigrants receive family assistance of $5 per month during their first year of residence in Canada from the Department of Citizenship and Immigration if during that period they are under sixteen years of age.

Family allowance payments of $475 million represented 9 per cent of total expenditures. The increase of $37 million over the previous year reflected the increase in the number of children in the eligible age groups and the increase in the monthly allowances effective September 1, 1957.

TABLE 13

(in millions of dollars)

Family Allowance Payments By Provinces	Fiscal year ended March 31		Increase
	1959 (estimated)	1958	
Newfoundland	15.2	14.1	1.1
Nova Scotia	20.6	19.4	1.2
Prince Edward Island	3.0	2.8	0.2
New Brunswick	18.2	17.1	1.1
Quebec	146.3	136.1	10.2
Ontario	150.2	136.7	13.5
Manitoba	23.1	21.5	1.6
Saskatchewan	24.8	23.3	1.5
Alberta	34.1	31.0	3.1
British Columbia	38.4	35.0	3.4
Northwest and Yukon Territories	1.0	0.9	0.1
	474.9	437.9	37.0

Reduction in the amount of temporary loans to the old age security fund

In 1958-59 payments of $560 million out of the fund exceeded receipts of $376 million by $184 million. Parliament has authorized the charging of this amount to budgetary expenditures in 1958-59 leaving a nil balance in the fund at March 31, 1959.

Unemployment Insurance Act administration and government's contribution

Expenditures in 1958-59 relating to the Act (excluding the goverment's payment as an employer) amounted to $73 million compared with $70 million in 1957-58.

The Budget—Appendix

Unemployment insurance benefit payments are not charged directly to budgetary expenditures but are paid from the unemployment insurance fund which is financed by equal contributions from employees and employers, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of combined employee-employer contributions.

The government's contribution to the fund for 1958-59 was $38 million and administration costs were $35 million; the corresponding amounts for 1957-58 were $38 million and $32 million.

Government contribution with respect to the superannuation account

In 1958-59 the government contributed $38 million to the superannuation account compared with $78 million in 1957-58. The decrease was due to the fact that there was no charge in 1958-59 comparable to the $44 million in 1957-58 covering the additional liability created by the general salary increase of May 1, 1957.

Hospital insurance and diagnostic services

The Hospital Insurance and Diagnostic Services Act, Statutes of 1957, authorizes contributions by Canada in respect of programmes administered by the provinces, providing hospital insurance and laboratory and other services in aid of diagnosis. Payments of $58 million were made in 1958-59.

As may be noted in the following table seven provinces had entered into agreements during the year. The effective date of each agreement is as follows:—July 1, 1958 for Newfoundland, Manitoba, Saskatchewan, Alberta and British Columbia and January 1, 1959 for Nova Scotia and Ontario.

TABLE 14

(in millions of dollars)

Hospital Insurance and Diagnostic Services	Fiscal year ended March 31 1959 (estimated)
Newfoundland	2.8
Nova Scotia	2.0
Ontario	15.6
Manitoba	7.3
Saskatchewan	8.5
Alberta	9.3
British Columbia	12.3
	57.8

Agriculture

Expenditures of the Department of Agriculture totalled $167 million for 1958-59 compared with $95 million in 1957-58.

The principal changes in the expenditures of this department were in the payments to western grain producers, the operating losses of the agricultural stabilization board and the deficit in the prairie farm emergency fund.

The Western Grain Producers Acreage Payment Regulations were set up by Order-in-Council, P.C. 1958-1442 dated October 16, 1958, whereby payment of $1 was authorized for each acre of cultivated acreage as set forth in the permit book, issued by the Canadian Wheat Board to each wheat grower, recording the seeded acreage of his lands. The maximum payment to each permit holder was not to exceed $200. The Canadian Wheat Board was authorized to act as the agent of the Minister of Agriculture under these regulations and made payments aggregating $41 million.

With the authority of parliament the $15 million operating losses of the Agricultural Stabilization Board for 1958-59 that had been credited to the agricultural commodities stabilization account were charged to budgetary expenditures in 1958-59.

Advances of $15 million made by the Minister of Finance to the prairie farm emergency fund to cover the year's deficit were charged to expenditure in the accounts for the fiscal year.

TABLE 15

(in millions of dollars)

Agriculture	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Experimental farms service	15.5	13.8	1.7
Freight assistance on western feed grains	20.0	17.5	2.5
Marketing service	8.0	7.3	0.7
Operating losses of the agricultural stabilization board	15.0	6.0	9.0
Payments to western grain producers	41.3	.....	41.3
Prairie farm emergency fund—deficit	15.0	5.9	9.1
Premium on hog carcasses including administrative costs	6.8	5.5	1.3
Production service	17.0	14.3	2.7
Rehabilitation and reclamation projects	14.7	12.5	2.2
Science service	11.7	10.6	1.1
Administration and general	1.5	1.3	0.2
	166.5	94.7	71.8

Atomic Energy

Expenditures of the Atomic Energy Control Board and payments to Atomic Energy of Canada Limited totalled $26 million compared with $22 million in 1957-58 an increase of $4 million.

Administration expenses of the Atomic Energy Control Board and grants for research and investigations with respect to atomic energy were $0.5 million, the same as the 1957-58 expenditure.

During the fiscal year $25 million was paid to Atomic Energy of Canada Limited for its research programme, $4 million more than in the previous year. Of the total, $18 million was for current operations and maintenance and $7 million for the construction and acquisition of buildings, land, works and equipment.

In addition, advances of $3 million were made to Atomic Energy of Canada Limited during the year, for the construction or acquisition of buildings and equipment at Chalk River and Deep River and for the commercial products division at Ottawa. This brought the total of advances covered, or to be covered, by obligations or shares of the company to $59 million at March 31, 1959.

Canadian Broadcasting Corporation

Expenditures of $62 million were made by the government on account of the Canadian Broadcasting Corporation during 1958-59 compared with $43 million in 1957-58. The increase of $19 million was the result of an increase of $26 million in grants for radio and television services offset in part by a decrease of $7 million in the payments to the corporation of amounts equal to the collection of the 15 per cent special tax imposed on radio and television sets and equipment. These latter payments were discontinued under the provisions of the

Broadcasting Act which came into force on November 10, 1958. The corporation received, however, under the authority of Vote 701, $2 million to make up the deficiency between the estimated amount that would have been received from the tax during the fiscal year and the amount actually received to the date the new Act was proclaimed.

TABLE 16

(in millions of dollars)

Canadian Broadcasting Corporation	Fiscal year ended March 31				
	1955	1956	1957	1958	1959 (estimated)
Grants to the Canadian Broadcasting Corporation by the Government of Canada—					
Amounts equal to tax collected under the Excise Tax Act in respect of radio and television sets and equipment	20.8	23.1	19.3	16.8	9.8
Radio broadcasting and television services	6.3	6.3	18.3	24.4	50.4
International shortwave broadcasting service	2.1	1.8	1.7	1.8	1.9
	29.2	31.2	39.3	43.0	62.1

The Broadcasting Act which came into force on November 10, 1958, stipulated that the corporation shall pay to the Receiver General such part of the working capital of the corporation as in the opinion of the Minister of Finance was in excess of $6 million, to be applied in the reduction of its indebtedness to the government. The remainder of the loans outstanding when the new Act came into force were to be cancelled and an equivalent amount credited to a proprietor's equity account. The excess of working capital amounting to $4 million was repaid by the corporation and an amount of $23 million representing the balance of the loans outstanding was cancelled and transferred to net debt.

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration were $54 million in 1958-59 an increase of $2 million over the total for 1957-58.

The principal changes in the expenditures of this department were a reduction of $7 million in immigration expenditures due to lower immigration, a reduction in the expenditures in connection with movements of Hungarian refugees and an increase of $9 million in Indian affairs including an increase of $5 million for Indian education and $3 million for Indian welfare.

TABLE 17

(in millions of dollars)

Citizenship and Immigration	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Citizenship and citizenship registration	1.4	1.3	0.1
Immigration	15.5	22.0	−6.5
Indian affairs	36.4	27.9	8.5
Administration and general	0.7	0.6	0.1
	54.0	51.8	2.2

External Affairs

Expenditures of the Department of External Affairs totalled $76 million in 1958-59, an increase of $16 million over the previous year.

The increase of $13 million in assistance to other countries was due to increases of $11 million for the purchase of wheat and flour to be given to India, Pakistan and Ceylon to relieve food shortages and $2 million for the purchase of flour to be given to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

TABLE 18

(in millions of dollars)

External Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Assistance to other countries	14.5	2.0	12.5
Canada's assessment for membership in international or commonwealth organizations	4.1	3.4	0.7
Contributions to international organizations	4.8	4.6	0.2
Grant to Colombo plan fund	35.0	34.4	0.6
Representation abroad	9.7	9.3	0.4
Administration and general	8.0	6.5	1.5
	76.1	60.2	15.9

Finance

The major items of expenditure for the Department of Finance have been dealt with in previous paragraphs under the headings of "Public debt charges", "Subsidies and tax-sharing payments to provinces" and "Government contribution with respect to the superannuation account".

Other expenditures totalled $76 million for 1958-59, an increase of $17 million over the expenditures for 1957-58.

The increase in other expenditures was mainly due to increased payments to the National Conference of Canadian Universities for the purpose of making grants to institutions of higher learning and to higher grants to municipalities in lieu of taxes on federal property.

TABLE 19

(in millions of dollars)

Finance	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Grants to municipalities in lieu of taxes on federal property	22.1	17.5	4.6
Grants to universities	25.6	16.6	9.0
Government contribution as an employer to the unemployment insurance fund	0.9	0.8	0.1
Office of the Comptroller of the Treasury—administration expenses	18.0	17.5	0.5
Administration and general	9.6	6.8	2.8
	76.2	59.2	17.0

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys totalled $46 million for 1958-59, an increase of $10 million over the total for 1957-58.

The increase of $10 million was mainly due to an increase of $3 million in emergency gold mining assistance, $2 million by the Dominion Coal Board for coal subventions under the Atlantic Provinces Power Development Act and $2 million for aerial photography.

TABLE 20

(in millions of dollars)

Mines and Technical Surveys	Fiscal year ended March 31		Increase or decrease (—)
	1959 (estimated)	1958	
Emergency gold mining assistance	11.6	8.6	3.0
Dominion Coal Board	11.1	8.9	2.2
Surveys and mapping including aerial photography	13.4	10.5	2.9
Mines branch	3.5	3.3	0.2
Geological survey of Canada	3.2	2.7	0.5
Administration and general	2.9	2.1	0.8
	45.7	36.1	9.6

National Health and Welfare

Family allowance payments amounting to $475 million, the reduction in the amount of temporary loans to the old age security fund amounting to $184 million and contributions under the Hospital Insurance and Diagnostic Services Act amounting to $58 million constituted the main items of expenditure for this department and have been dealt with under separate headings in preceding paragraphs. Civil defence expenditures, amounting to $5 million, have been dealt with under the heading "Defence expenditures".

Other expenditures of the department in 1958-59 totalled $156 million, an increase of $39 million over the previous year.

The following table presents a distribution of these payments to provinces for 1958-59:

TABLE 21

(in millions of dollars)

National Health and Welfare	Fiscal year ended March 31		Increase or decrease (—)
	1959 (estimated)	1958	
Blind persons allowances	4.2	3.6	0.6
Disabled persons allowances	15.6	11.1	4.5
General health grants	46.0	34.6	11.4
Indian and Eskimo health services	19.9	19.8	0.1
Old age assistance	30.6	25.1	5.5
Other health services	12.4	10.0	2.4
Unemployment Assistance Act	22.3	8.2	14.1
Administration and general	4.9	4.6	0.3
	155.9	117.0	38.9

General health grants to the provinces for assistance in hospital construction, general health services and the control of diseases increased by $11 million over the previous year.

Under the Unemployment Assistance Act the federal government contributes up to 50 per cent of the cost of unemployment assistance paid by the provinces, subject to certain deductions as set out in the Act. To date nine provinces have signed agreements with the federal government. There was an increase of $14 million in these contributions over those for the previous year.

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $55 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements of the Act may receive a pension of $55 per month from the federal goverment out of the old age security fund.) Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $55 per month to blind persons in need over the age of 18 by paying 75 per cent of the total payments, and under the Disabled Persons Act by paying 50 per cent of not more than $55 per month for allowances to disabled persons in need over the age of 18 years. In 1958-59 increases in payments to the old age assistance were $6 million, to blind persons $1 million and to disabled persons $5 million.

TABLE 22

(in millions of dollars)

General Health Grants and Federal Share of Old Age Assistance, Disabled Persons Allowances, Blind Persons Allowances and Unemployment Assistance	Fiscal year ended March 31, 1959 (estimated)				
	General health grants	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	1.7	1.7	0.3	0.2	3.1
Nova Scotia	2.9	1.6	0.7	0.4	0.4
Prince Edward Island	0.6	0.2	0.2	(1)	0.1
New Brunswick	2.1	1.8	0.6	0.4	0.2
Quebec	12.3	10.7	8.5	1.5	.....
Ontario	12.4	6.9	3.5	0.9	9.2
Manitoba	2.7	1.6	0.4	0.2	1.6
Saskatchewan	3.3	1.8	0.4	0.2	1.4
Alberta	3.5	1.9	0.5	0.2	1.7
British Columbia	4.4	2.3	0.5	0.2	4.6
Northwest and Yukon Territories	0.1	0.1	(1)	(1)	.....
	46.0	30.6	15.6	4.2	22.3

(1) Less than $50,000.

National Research Council

Expenditures amounted to $26 million, $4 million higher than for 1957-58. Salaries and other expenses amounting to $23 million accounted for the increase. The costs of construction or acquisition of buildings, works, land and new equipment totalling $3 million were approximately the same as in the previous year.

National Revenue

Expenditures of the Department of National Revenue were $70 million in 1958-59 compared with $68 million in 1957-58, an increase of $2 million.

The increase in the customs and excise division was due principally to increased expenditures in the operation and maintenance of ports and in the taxation division mainly to increased expenditures in the district offices.

TABLE 23

(in millions of dollars)

National Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Customs and excise division	37.4	36.5	0.9
Taxation division	31.9	31.0	0.9
Income tax appeal board	0.2	0.2	.....
	69.5	67.7	1.8

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs and National Resources in the fiscal year were $75 million, an increase of $26 million over the total for 1957-58.

The main increases in expenditures of this department were in the national parks and northern administration and lands branches. The increase of $7 million in the national parks branch was due to $6 million for construction and $1 million for administration. The increase of $15 million in the northern administration and lands branch was due mainly to $7 million for construction and $2 million for operation and maintenance in the Northwest Territories, $2 million for construction in the Yukon Territory and $3 million for access roads leading to resources.

TABLE 24

(in millions of dollars)

Northern Affairs and National Resources	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
National parks branch	25.1	17.8	7.3
Water resources branch	2.5	1.9	0.6
Northern administration and lands branch	33.2	18.6	14.6
Forestry branch	8.0	7.2	0.8
Canadian government travel bureau	2.2	1.9	0.3
Administration and general	4.0	1.7	2.3
	75.0	49.1	25.9

Post Office

Gross expenditures of the Post Office Department for 1958-59 were $184 million, an increase of $6 million over the 1957-58 outlay of $178 million.

Remuneration of postmasters and staffs at revenue and semi-staff offices, commissions at sub-offices and certain other authorized disbursements are paid from revenue. These payments, included in the total of $184 million, amounted to $26 million, compared with $25 million in 1957-58.

TABLE 25

(in millions of dollars)

Post Office	Fiscal year ended March 31		Increase or decrease (—)
	1959 (estimated)	1958	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services; and supplies and equipment and other items for revenue post offices	98.2	94.7	3.5
Transportation—movement of mail by land, air and water	55.2	54.1	1.1
Financial services	2.7	2.6	0.1
Administration and general	1.8	1.9	—0.1
	157.9	153.3	4.6
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	25.8	24.6	1.2
	183.7	177.9	5.8

Public Works

Expenditures of the Department of Public Works for 1958-59 amounted to $212 million, compared with $206 million for 1957-58, an increase of $6 million.

The increase of $1 million in the public buildings construction and services branch was due to an increase of $3 million for the acquisition, construction and improvements of public buildings in Ottawa offset by a decrease of $2 million for the acquisition, construction and improvements of public buildings other than in Ottawa. The increase of $4 million in the harbours and rivers engineering services was due mainly to the acquisition, construction and improvements of harbour and river works in Ontario. The decrease of $2 million in the development engineering services branch was due to lower costs in connection with the trans-Canada highway through national parks.

TABLE 26

(in millions of dollars)

Public Works	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Public buildings—construction and services—			
Acquisition, construction and improvements of public buildings—			
Ottawa	19.8	16.9	2.9
Other centres in Canada	34.1	36.3	−2.2
Outside Canada	.....	0.1	−0.1
Maintenance and operation	41.0	41.4	−0.4
Furniture and furnishings	2.0	2.3	−0.3
General	4.0	3.4	0.6
	100.9	*100.4*	*0.5*
Harbours and rivers engineering services—			
Acquisition, construction and improvements of harbour and river works	27.3	24.1	3.2
Dredging	3.3	3.8	−0.5
General	5.2	4.3	0.9
	35.8	*32.2*	*3.6*
Development engineering services—			
Trans-Canada highway division—			
Contributions to the provinces under the terms of the Trans-Canada Highway Act	50.0	49.4	0.6
Trans-Canada highway through national parks	10.0	12.6	−2.6
General	1.9	1.4	0.5
	61.9	*63.4*	*−1.5*
Housing	5.0	2.7	2.3
Administration and general	8.3	7.3	1.0
	211.9	206.0	5.9

Royal Canadian Mounted Police

Expenditures for the Royal Canadian Mounted Police amounted to $53 million for 1958-59, $5 million more than the total spent in 1957-58.

Payments as shown in the table represent gross expenditures; payments received from the provinces and municipalities for police services amounting to $9 million were credited to revenue.

The increase of $5 million in the land and air services was due to increases of $2 million in operation and maintenance and $3 million in construction or acquisition of buildings, works, land and equipment.

TABLE 27

(in millions of dollars)

Royal Canadian Mounted Police	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Land and air services	36.8	31.4	5.4
Marine services	2.8	3.2	−0.4
Government contribution to the Royal Canadian Mounted Police pension account	1.6	1.5	0.1
Pensions and other benefits	2.7	2.5	0.2
Headquarters administration and general	8.9	8.8	0.1
	52.8	47.4	5.4

Trade and Commerce

Expenditures for the Department of Trade and Commerce totalled $65 million for 1958-59, an increase of $8 million over the previous year.

The main items in the net increase of $8 million in the expenditures of this department were $5 million on payment of carrying costs of temporary wheat reserves and $2 million due to the Canadian Wheat Board loss on oats for the crop year 1956-57.

TABLE 28

(in millions of dollars)

Trade and Commerce	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Assistance re storage costs of grain	38.4	33.3	5.1
Canada Grain Act	6.2	6.2	.....
Canadian Wheat Board—loss re oats	2.1	.....	2.1
Dominion Bureau of Statistics	8.3	7.5	0.8
Standards branch	2.3	2.2	0.1
Trade commissioners service	3.5	3.3	0.2
Administration and general	4.1	4.4	−0.3
	64.9	56.9	8.0

Transport

Expenditures of the Department of Transport for 1958-59 amounted to $300 million, an increase of $93 million over the total of $207 million in 1957-58.

Of the $37 million increase in expenditures for air services, $31 million was for the civil aviation division of which $26 million was for the construction and acquisition of buildings, works, lands and new equipment including construction work on municipal airports and $4 million was for operation and maintenance of airways and airports.

The increase of $19 million in expenditures for marine services included $11 million for the construction or acquisition of steamers, $5 million for the operation and maintenance of steamers and $1 million for construction or acquisition of buildings, works, lands and equipment for aids to navigation.

The increase in the outlays of the Board of Transport Commissioners was due entirely to a special contribution of $10 million to the railway grade crossing fund.

During 1958-59, $61 million was paid to cover the net operating deficits of certain Crown corporations compared with $31 million in 1957-58. The increase of $30 million was due mainly to the reimbursement to the Canadian National Railways on account of its 1958 deficit, which was $52 million compared with the 1957 deficit of $22 million.

TABLE 29

(in millions of dollars)

Transport	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Air services—			
Civil aviation division	83.9	53.2	30.7
Meteorological division	12.3	10.7	1.6
Telecommunications division	27.3	24.0	3.3
Administration	3.3	2.4	0.9
	126.8	*90.3*	*36.5*
Canal services	9.3	8.6	0.7
Marine services	51.3	32.8	18.5
Railway and steamship services—			
Maritime Freight Rates Act—			
Difference between tariff and normal tolls	13.5	12.6	0.9
Strait of Canso causeway	(1)	0.1	−0.1
Construction and acquisition of auto-ferries	0.3	1.5	−1.2
Other	1.7	4.1	−2.4
	15.5	*18.3*	*−2.8*
Board of Transport Commissioners—			
Maintenance of trackage	7.0	7.0	.....
Railway grade crossing fund	15.0	5.0	10.0
Administration and general	1.1	1.1	.....
	23.1	*13.1*	*10.0*
Canadian Maritime Commission	6.0	5.3	0.7
Crown Corporations—			
Net income deficits—			
Canadian National Railways	51.6	22.1	29.5
Other	8.9	8.9	.....
Non-active advances—National Harbours Board	4.5	4.8	−0.3
	65.0	*35.8*	*29.2*
Administration and general	3.0	2.5	0.5
	300.0	206.7	93.3

(1) Less than $50,000.

Veterans Affairs

Expenditures of the Department of Veterans Affairs were $291 million in 1958-59 compared with expenditures of $277 million in 1957-58.

The net increase of $14 million in the outlays of this department included increases of $6 million for pensions for disability or death and $8 million in war veterans allowances due to legislation authorizing increases in monthly payments of pensions and allowances effective July 1 and November 1, 1957.

TABLE 30

(in millions of dollars)

Veterans Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Pensions for disability or death	151.1	145.6	5.5
Treatment and welfare services	60.8	59.7	1.1
War veterans allowances and other benefits	60.7	53.2	7.5
War service gratuities and re-establishment credits	2.0	1.8	0.2
Soldier Settlement and Veterans Land Acts—			
Administration and general	5.6	5.5	0.1
Provision for reserve for conditional benefits, Veterans Land Act	4.3	5.2	−0.9
Departmental, district and pensions administration and miscellaneous payments	6.3	6.2	0.1
	290.8	277.2	13.6

All other departments

Expenditures of the departments not dealt with in preceding sections amounted to $100 million for 1958-59, an increase of $10 million over the total for 1957-58.

The main changes were a decrease of $10 million in the expenses of the Chief Electoral Officer, due to the previous year's expenditures having included the costs of the June 1957 and March 1958 federal elections; an increase of $9 million in expenditures of the Department of Labour due to payments of $5 million under the winter works programme for which there was no comparable expenditure last year, and an increase of $4 million in payments to provinces to provide financial assistance to vocational schools and training under youth training programmes; and $4 million in the expenditures of the Office of the Commissioner of Penitentiaries of which $3 million was for the construction, improving and equipping of penitentiaries.

TABLE 31

(in millions of dollars)

All Other Departments	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Auditor General	0.8	0.8	.....
Board of Broadcast Governors	0.1	.....	0.1
Chief Electoral Officer	3.2	13.6	−10.4
Civil Service Commission	3.5	3.2	0.3
Fisheries	18.4	16.4	2.0
Governor General and Lieutenant-Governors	0.4	0.4	.....
Insurance	1.2	1.2	.....
Justice	7.7	7.2	0.5
Office of the Commissioner of Penitentiaries	16.6	12.7	3.9
Labour	20.6	11.4	9.2
Legislation	7.7	6.9	0.8
National Film Board	4.3	4.0	0.3
National Gallery	0.7	0.6	0.1
Privy Council including National Capital Commission	6.0	3.9	2.1
Public Archives and National Library	0.8	0.7	0.1
Public Printing and Stationery	3.6	3.3	0.3
Secretary of State	4.5	4.0	0.5
	100.1	90.3	9.8

4. SUMMARY OF ASSETS AND LIABILITIES OF CANADA AT MARCH 31, 1959

The balances of the asset and liability accounts at March 31, 1959, the comparable balances at March 31, 1958, and the changes in each category during 1958-59 are shown in the following table:

TABLE 32

SUMMARY OF ASSETS AND LIABILITIES OF CANADA

(in millions of dollars)

—	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
LIABILITIES			
Current and demand liabilities	958.4	874.9	83.5
Deposit and trust accounts	228.7	187.0	41.7
Annuity, insurance and pension accounts	3,289.4	2,712.8	576.6
Undisbursed balances of appropriations to special accounts	77.9	285.4	−207.5
Deferred credits	81.9	76.9	5.0
Suspense accounts	25.5	36.4	−10.9
Unmatured debt	15,557.7	14,245.1	1,312.6
Total liabilities	20,219.5	18,418.5	1,801.0
ASSETS			
Current assets	855.7	696.8	158.9
Advances to exchange fund account	1,995.0	1,975.0	20.0
Sinking fund and other investments held for retirement of unmatured debt	82.7	211.7	−129.0
Loans to, and investments in, Crown corporations	3,289.0	2,554.3	734.7
Loans to national governments	1,449.3	1,488.0	−38.7
Other loans and investments	681.7	662.8	18.9
Securities held in trust	19.6	22.6	−3.0
Deferred charges	149.6	77.5	72.1
Unamortized portion of actuarial deficiencies—			
Permanent services pension account	326.3	.....	326.3
Superannuation account	139.0	139.0	.....
Suspense accounts	(1)	(1)	.....
Capital assets	(2)	(2)	.....
Inactive loans and investments	92.2	90.9	1.3
Total assets	9,080.1	7,918.6	1,161.5
Less reserve for losses on realization of assets	−546.4	−546.4	.....
Net assets	8,533.7	7,372.2	1,161.5
Net debt (excess of liabilities over net assets)	11,685.8	11,046.3	(3) 639.5

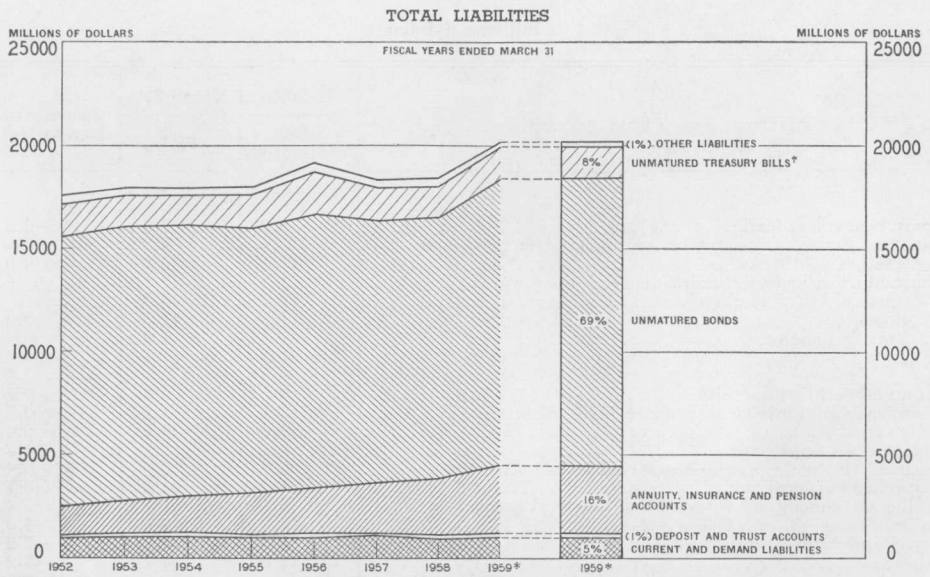
(1) Less than $50,000.

(2) Shown at nominal value of $1.

(3) Reflecting the budgetary deficit of 616.6 million plus an adjustment of $22.9 million in respect of prior years transactions.

A. CHANGES IN PRINCIPAL LIABILITY CLASSIFICATIONS DURING 1958-59

The gross liabilities of the government increased by $1,801 million during the fiscal year. The main changes were increases of $1,313 million in unmatured debt and $577 million in annuity, insurance and pension accounts and a decrease of $207 million in undisbursed balances of appropriations to special accounts.



†Also includes treasury notes for the fiscal years ending 1952-1956 inclusive.
*Estimated

Current and demand liabilities

This category consists of obligations of the government payable currently or on demand. The principal changes were an increase of $53 million in accounts payable (which records the net liability of the government for accounts paid in April which are applicable and charged to the previous fiscal year) and $32 million in outstanding treasury cheques.

TABLE 33

(in millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Outstanding treasury cheques	265.2	232.9	32.3
Accounts payable	254.3	201.4	52.9
Non-interest bearing notes payable to the international monetary fund and the international bank for reconstruction and development	201.8	203.8	−2.0
Matured debt outstanding	29.5	23.5	6.0
Interest due and outstanding	57.1	57.1	.....
Interest accrued	121.0	129.1	−8.1
Post Office (net liability for money orders, etc.)	29.0	26.7	2.3
Other current liabilities	0.5	0.4	0.1
	958.4	874.9	83.5

Deposit and trust accounts

In these accounts are recorded sundry funds deposited with the Receiver General of Canada or held in trust for various purposes. The net increase of $42 million was due to an increase of $43 million in the account "United States—S.A.C. bases", which records funds received from the United States Government for the purpose of facilitating the placing of contracts by the R.C.A.F. on behalf of the U.S.A.F. in respect of Strategic Air Command bases, offset in part by decreases in other accounts.

TABLE 34

(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Army benevolent fund	7.2	7.5	−0.3
Canadian Pension Commission—administration trust fund	9.1	8.2	0.9
Contractors holdbacks	17.1	16.2	0.9
Contractors securities—sundry departments—			
Cash	18.7	18.7	.....
Bonds	11.3	11.5	−0.2
Certified cheques	1.3	1.2	0.1
	31.3	*31.4*	*−0.1*
Crown corporation deposits	9.5	9.6	−0.1
Emergency gold mining assistance—holdbacks	2.1	1.7	0.4
Indian trust funds	28.6	29.0	−0.4
Korean operations pool	7.4	8.1	−0.7
National Harbours Board—special accounts	5.7	5.3	0.4
Post office savings bank	34.2	34.9	−0.7
Soldier settlement and veterans land act trust account—general	3.1	2.7	0.4
United States—S.A.C. bases	43.5	0.5	43.0
War claims fund—world war 2	5.0	8.2	−3.2
Other	24.9	23.7	1.2
	228.7	187.0	41.7

Annuity, insurance and pension accounts

This category records the amounts to the credit of the various annuity, insurance and pension accounts.

TABLE 35

(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Unemployment insurance fund	512.6	754.8	−242.2
Less investment in bonds and accrued interest	−501.6	−739.8	238.2
	11.0	15.0	−4.0
Government annuities	1,105.3	1,047.6	57.7
Superannuation account	1,134.6	1,045.8	88.8
Permanent services pension account	942.1	513.9	428.2
Other	96.4	90.5	5.9
	3,289.4	2,712.8	576.6

The decrease of $242 million in the unemployment insurance fund represents the amount by which benefit payments totalling $483 million exceeded contributions by employers and employees of $182 million, contributions by the government of $38 million, income of investments of $20 million and other miscellaneous revenue credited to the fund. Benefit payments were $98 million higher than the $385 million paid out in 1957-58.

The government annuities account increased by $58 million reflecting the amount by which premium receipts of $62 million, interest credited to the account by the government of $40 million and the amount of $1 million required to maintain the reserve exceed payments of $46 million to annuitants and beneficiaries.

The increase of $89 million in the superannuation account was due mainly to the government's contribution of $37 million equal to the estimated current and prior service payments of individuals in 1957-58 and $44 million interest credited to the account. The remainder of the increase was due to the excess of employees' current and prior service contributions of $41 million and miscellaneous receipts of $1 million over benefit payments of $34 million.

The permanent services pension account increased by $428 million. The major part of the increase was due to a credit of $326 million to record in the account the full actuarial liability as at March 31, 1958 as calculated by the Department of Insurance. The balance of the increase reflected the government's contribution of $50 million which is made at the rate of one and two-thirds times the current and prior service contributions, interest on the account of $32 million, and contributions of $30 million by permanent services personnel for current and prior years service less payments of $10 million from the account.

Old age security fund

Under the Old Age Security Act pensions of $55 per month are paid, without a means test, from the old age security fund to all eligible persons seventy years of age and over. Payments from the fund during the fiscal year were $560 million while credits to the fund from the 2 per cent tax on personal incomes (maximum tax $60), the 2 per cent tax on corporation profits and the 2 per cent sales tax totalled $376 million. Temporary loans amounting to $184 million were required to cover the deficit resulting from these transactions during 1958-59. Parliament has authorized the writing-off to expenditure in 1958-59 the deficit of $184 million.

TABLE 36

(in millions of dollars)

Old Age Security Fund	Fiscal year ended March 31				
	1955	1956	1957	1958	1959 (estimated)
Tax receipts—					
2 per cent sales tax	143.1	160.4	179.3	175.8	173.0
2 per cent personal income tax	100.9	102.5	125.0	135.0	148.0
2 per cent corporation income tax	46.0	53.3	67.3	60.7	55.0
Total tax receipts	290.0	316.2	371.6	371.5	376.0
Pension payments	−353.3	−366.2	−379.1	−473.9	−560.0
Excess of payments over receipts	−63.3	−50.0	−7.5	−102.4	−184 0
Previous deficit brought forward	−45.8	−63.3	−50.0	−1.5	.....
Appropriation by Parliament—					
Charged to budgetary expenditure	45.8	63.3	56.0	103.9	184.0
Deficit in fund covered by temporary loan from the Minister of Finance	−63.3	−50.0	−1.5	.....	.....

TABLE 37

(in millions of dollars)

Old Age Security Payments by Provinces	Fiscal year ended March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Newfoundland	11.0	9.5	1.5
Nova Scotia	26.8	23.0	3.8
Prince Edward Island	4.8	4.1	0.7
New Brunswick	19.6	16.8	2.8
Quebec	117.1	99.5	17.6
Ontario	203.7	172.8	30.9
Manitoba	34.1	28.6	5.5
Saskatchewan	35.1	29.4	5.7
Alberta	36.6	30.5	6.1
British Columbia	70.8	59.4	11.4
Northwest and Yukon Territories	0.4	0.3	0.1
	560.0	473.9	86.1

Undisbursed balances of appropriations to special accounts

This category records the undisbursed balances of appropriations to special accounts for which moneys have been appropriated by parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made.

TABLE 38

(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
National defence equipment account (section 3, Defence Appropriation Act, 1950)	.....	211.8	−211.8
Colombo plan fund	55.4	60.4	−5.0
National capital fund	0.4	0.5	−0.1
Railway grade crossing fund	22.0	12.6	9.4
Other	0.1	0.1	.....
	77.9	285.4	−207.5

The national defence equipment account was established under Section 3 of the Defence Appropriation Act, 1950, and continued by subsequent votes of parliament. Under the terms of the Act, the value of defence materials and supplies acquired prior to March 31, 1950, and transferred to members of the North Atlantic Treaty Organization, could be credited to the account and these credits could be used in subsequent years to purchase equipment or supplies for the naval, army or air services of the Canadian forces. This account which totalled $212 million at the beginning of the year was liquidated during 1958-59 in accordance with the announcement by the Minister of Finance in his budget speech of June 17, 1958.

The decrease of $5 million in the Colombo plan fund represented the amount by which disbursements from the fund of $40 million exceeded the $35 million credited to the fund out of moneys voted by parliament for assistance to countries in south and south-east Asia.

The increase of $9 million in the railway grade crossing fund represented the amount by which the $15 million credited to this account and charged to expenditure exceeded disbursements of $6 million.

Deferred credits

This is a new category set up to record the amounts of deferred interest on loans and advances to certain Crown corporations and national governments and other deferred payments due the government. These are contra accounts to corresponding items under "Loans to, and investments in, Crown corporations," "Loans to national governments" and "Other loans and investments." Further explanations are given under these categories.

TABLE 39

(in millions of dollars)

Deferred Credits	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Agreements of sale of Crown assets	16.3	19.0	−2.7
Crown Assets Disposal Corporation	6.0	5.8	0.2
Deferred interest—			
The St. Lawrence Seaway Authority	12.8	4.7	8.1
United Kingdom Financial Agreement Act, 1946	44.2	44.2	.....
Other	2.6	3.2	−0.6
	81.9	76.9	5.0

Suspense accounts

These accounts consist of balances where some uncertainty as to disposition exists

TABLE 40

(in millions of dollars)

Suspense Accounts	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
International monetary fund—revaluation of Canadian dollar balance	0.1	5.1	−5.0
Paylist deductions	6.4	6.3	0.1
Replacement of materiel, sec. 11, National Defence Act	12.0	18.2	−6.2
Unclaimed cheques	4.0	4.0	.....
Other	3.0	2.8	0.2
	25.5	36.4	−10.9

The decrease of $5 million in the "International monetary fund—revaluation of Canadian dollar balance" account represents adjustments occasioned by the increased value in terms of Canadian dollars of Canada's subscription to the fund.

"Paylist deductions" are for Canada savings bonds, income tax, etc., and are credited to this account pending transmittal to the Department of Finance or to the department concerned.

The "Replacement of materiel" account established by section 11 of the National Defence Act is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for the procurement of replacement materiel. During 1958-59 disbursements exceeded credits to the account by $6 million.

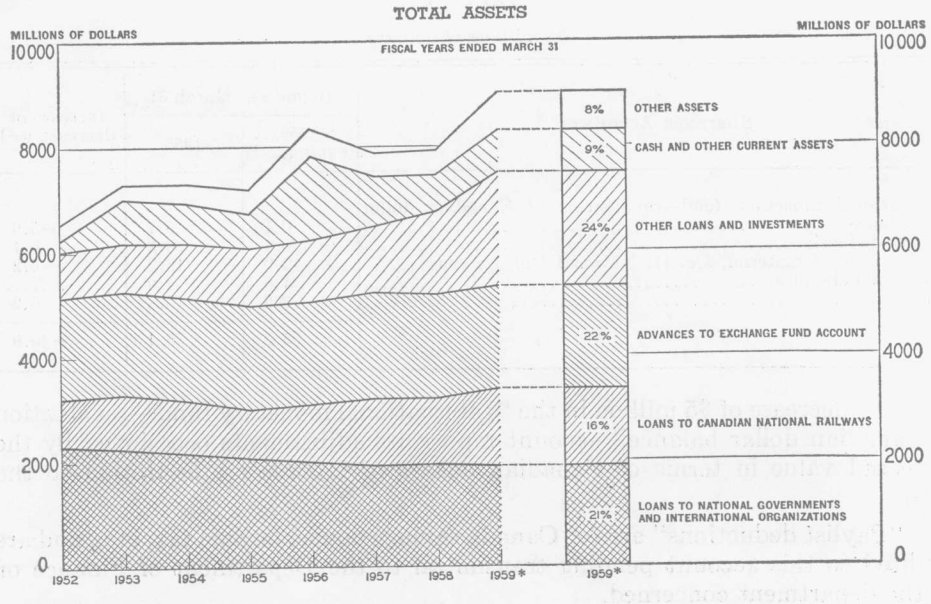
Unmatured debt

The unmatured debt of Canada at the close of 1958-59 amounted to $15,558 million compared with $14,245 million at the close of the previous fiscal year. Debt payable in Canada increased by $1,463 million partly offset by a decrease of $150 million in debt payable in New York. There was no change in debt payable in London.

In the year under review, unmatured debt obligations payable in foreign currencies have been stated in Canadian dollars converted at the rate of $2.80 for the pound sterling and par for the U.S. dollar.

B. Changes In Principal Asset Classifications During 1958-59

The total of assets increased during 1958-59 by $1,161 million. The principal changes were increases of $735 million in loans to Crown corporations, $326 million in the unamortized portion of the actuarial deficiency in the permanent services pension account, $159 million in current assets, $72 million in deferred charges, $19 million in other loans and investments and $20 million in advances to the exchange fund, and decreases of $129 million in sinking fund and other investments held for retirement of unmatured debt and $39 million in loans to national goverments.



Current assets

There was an increase of $159 million in this category during the fiscal year, mainly due to increases of $121 million in the cash accounts, $24 million in working capital advances and $13 million in the securities investment account.

TABLE 41

(in millions of dollars)

Current Assets	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Cash in current and special deposits	473.0	307.5	165.5
Cash in hands of collectors and in transit	120.0	160.5	−40.5
Departmental working capital advances and revolving funds—			
Agricultural commodities stabilization account	68.8	26.5	42.3
Defence production revolving fund	34.1	54.6	−20.5
Miscellaneous departmental imprest and advance accounts	22.0	21.2	0.8
Other	29.8	27.8	2.0
	154.7	*130.1*	*24.6*
Securities investment account	93.0	79.8	13.2
Other current assets—moneys received after March 31 but applicable to the current year	15.0	18.9	−3.9
	855.7	696.8	158.9

Cash in current and special deposits increased by $166 million but this increase was partly offset by decreases of $41 million in cash in hands of collectors and $4 million in moneys received after March 31, 1959.

The increase of $24 million in working capital advances was due to increases of $42 million in the agricultural commodities stabilization account and $3 million in other accounts offset by a decrease of $21 million in the defence production revolving fund.

Advances to the exchange fund

Advances during the year to the exchang fund account to finance the purchase of gold and foreign exchange amounted to $225 million and repayments were $205 million, increasing outstanding advances to $1,995 million at March 31, 1959.

Sinking fund and other investments held for retirement of unmatured debt

There was a decrease of $129 million in this category during the fiscal year due to a reduction in the government's investment in its own New York bond issues. On February 1, 1959 the government called for redemption the 1948-56/63, 3% New York issue of which it held $129 million in this account.

Loans to, and investments in, Crown corporations

These loans and investments increased by $735 million during 1958-59 bringing the balance in this category to $3,289 million at March 31, 1959.

Advances to Atomic Energy of Canada Limited, to be covered by obligations or shares of the company, amounted to $3 million during the year. These advances were for the construction or acquisition of buildings and equipment at Chalk River and Deep River and for the commercial products division at Ottawa.

TABLE 42

(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Atomic Energy of Canada Limited	59.0	56.0	3.0
Bank of Canada	5.9	5.9	.....
Canadian Arsenals Limited	7.5	7.5	.....
Canadian Broadcasting Corporation	.....	27.0	−27.0
Canadian Commercial Corporation	4.0	4.0	.....
Canadian Farm Loan Board	87.6	65.2	22.4
Canadian National Railways	1,473.4	1,266.1	207.3
Canadian National (West Indies) Steamships Limited	0.2	3.1	−2.9
Canadian Overseas Telecommunication Corporation	14.1	12.6	1.5
Central Mortgage and Housing Corporation	1,003.9	668.0	335.9
Eldorado Mining and Refining Limited	8.2	8.2	.....
Export Credits Insurance Corporation	10.0	10.0	.....
National Capital Commission	7.1	2.1	5.0
National Harbours Board	146.2	125.4	20.8
Northern Canada Power Commission	34.1	14.4	19.7
Northern Ontario Pipe Line Crown Corporation	112.8	70.8	42.0
Polymer Corporation Limited	30.0	30.0	.....
The St. Lawrence Seaway Authority—loans	271.0	172.0	99.0
deferred interest	12.8	4.7	8.1
Other Crown Corporations	1.2	1.3	−0.1
	3,289.0	2,554.3	734.7

Under the provisions of the Broadcasting Act which came into force on November 10, 1958, the Canadian Broadcasting Corporation repaid $4 million, (that portion of the working capital of the corporation in excess of $6 million). The remainder of its indebtedness of $23 million to the government was cancelled and this amount, plus the capital surplus of the corporation at the coming into force of the Act, was credited to a proprietor's equity account and transferred to net debt.

Loans to the Canadian Farm Loan Board amounted to $22 million during the year while repayments by the board were $253 thousand bringing the total advances to $88 million at March 31, 1959.

Loans to Central Mortgage and Housing during the year amounted to $373 million, of which $350 million was for direct loans by the corporation, $22 million for federal-provincial housing projects and $1 million for advances for house construction. Repayments totalled $37 million of which $33 million was for direct loans, $1 million was for loans for federal-provincial housing projects and $3 million for loans for house construction. The net increase for the year of $336 million brought the total loans to the corporation to $1,004 million at March 31, 1959.

Loans to the Northern Ontario Pipe Line Crown Corporation in connection with the construction of the Northern Ontario section of the all-Canadian natural gas pipe line totalled $42 million in 1958-59. There were no repayments during the year.

Advances to The St. Lawrence Seaway Authority amounted to $99 million bringing the total loans to $271 million. In addition deferred interest on these loans was increased by $8 million being the amount of interest due on December 31, 1958. A contra item for this amount is included in the liability category 'Deferred credits".

In the fiscal year ended March 31, 1959, the government made advances of $205 million to the Canadian National Railway Company for capital purposes and retirement of debt in the hands of the public. Repayment of current and prior years' advances during the year ended March 31, 1959 was $11 million.

In addition, to assist the company to finance further capital expenditures in the year ended March 31, 1959, the government purchased an amount of $21 million of four per cent preferred stock of the Canadian National Railway Company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to three per cent of the gross revenue of the company.

Further, in the year ended March 31, 1959, the government provided the company with temporary loans of $34 million to cover, in part, the 1958 income deficit and $14 million to cover, in part, the 1959 income deficit. Since in the year ended March 31, 1958, the government made temporary loans of $22 million to cover, in part, the 1958 deficit, the total loans on the 1958 deficit were $56 million. However, an amount of $4 million was repaid prior to the end of the current fiscal year and the outstanding balance of $52 million was charged to expenditure.

In summary, the total amount which was made available to the company during the year was $274 million, repayments and write-off amounted to $67 million, resulting in a net increase of $207 million in the amount outstanding at the end of the fiscal year.

Other changes in loans and investments included increases of $21 million to the National Harbours Board, $20 million to the Northern Canada Power Commission, $2 million to the Canadian Overseas Telecommunication Corporation and a decrease of $3 million in loans to the Canadian National (West Indies) Steamships Limited.

Loans to national governments

These loans totalled $1,449 million at March 31, 1959, a decrease of $39 million during the fiscal year.

TABLE 43

(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Loans to United Kingdom—			
The War Appropriation (United Kingdom Financing) Act, 1942	.....	22.5	−22.5
The United Kingdom Financial Agreement Act, 1946	1,080.5	1,096.6	−16.1
Deferred interest	44.2	44.2	.....
	1,124.7	*1,163.3*	*−38.6*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	41.5	43.8	−2.3
France	159.0	167.4	−8.4
Netherlands	82.6	87.2	−4.6
Norway	2.6	5.3	−2.7
	285.7	*303.7*	*−18.0*
Miscellaneous loans and advances—			
France—interim credit—consolidated interest	1.6	1.6	.....
Special loans to finance the purchase of wheat and flour from Canada	35.0	16.2	18.8
Netherlands—military relief and currency credits settlement	1.7	2.3	−0.6
Miscellaneous	0.6	0.9	−0.3
	38.9	*21.0*	*17.9*
	1,449.3	1,488.0	−38.7

During the fiscal year the United Kingdom government repaid all of the outstanding balance of $23 million of the $700 million interest-free loan granted under the provisions of the War Appropriation (United Kingdom Financing) Act, 1942. In addition a $16 million repayment was made on the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, reducing the principal outstanding at March 31, 1959 to $1,081 million.

Repayments of advances under Part II of the Export Credits Insurance Act to certain foreign countries to assist them in purchasing goods and services in Canada amounted to $18 million during the year reducing the balance at March 31, 1959 to $286 million.

Miscellaneous loans and advances to foreign governments increased by $18 million due to an increase of $19 million in special loans to finance the purchase of wheat and flour from Canada. These special loans amounted to $35 million at March 31, 1959, of which $33 million was made to India and $2 million to Ceylon.

Other loans and investments

There was an increase of $19 million in this category during the year bringing the balance to $682 million at March 31, 1959.

Canada's subscription to the capital of the international monetary fund was reduced by $3 million during the year. The accounts of the fund are maintained in terms of United States dollars therefore in order to keep Canada's subscription at the required amount, that portion represented by Canadian dollar balances is revalued quarterly and any settlement required is made annually as at April 30, the end of the fund's fiscal year. The decrease of $3 million reflected the settlement at April 30, 1958 and subsequent adjustments due to the quarterly revaluations.

Loans to provincial governments increased by $27 million due to a loan of $30 million to the Province of New Brunswick in respect of the Beechwood Power Project partly offset by regular annual payments of $3 million in respect of loans to other provinces.

Overpayments to certain provinces arising out of 1952 tax-rental agreements were reduced by $1 million during the year.

Advances under the Veterans Land Act decreased by $9 million, however as the reserve for conditional benefits under the Act was reduced by $6 million, the net decrease was $3 million.

Miscellaneous loans and investments decreased by $1 million during the year. Increases of $6 million being more than offset by decreases of $7 million.

TABLE 44

(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or decrease (−)
	1959 (estimated)	1958	
Subscriptions to capital of, working capital advances and loans to, international organizations—			
Canada's subscription to capital of—			
International monetary fund	292.9	295.9	−3.0
International bank for reconstruction and development	70.9	70.9	.....
International finance corporation	3.5	3.5	.....
Working capital advances and loans to international organizations	2.2	2.3	−0.1
	369.5	*372.6*	*−3.1*
Loans to provincial governments—			
Alberta	8.8	9.2	−0.4
British Columbia	17.1	17.9	−0.8
Manitoba	14.4	15.0	−0.6
New Brunswick	29.5	.....	29.5
Nova Scotia	0.1	0.1	.....
Prince Edward Island	0.1	0.1	.....
Saskatchewan	23.3	24.4	−1.1
	93.3	*66.7*	*26.6*
Overpayments to provinces arising out of 1952 tax-rental agreements—			
Manitoba	0.6	0.9	−0.3
New Brunswick	0.6	0.7	−0.1
Newfoundland	0.3	0.4	−0.1
Prince Edward Island	0.7	0.9	−0.2
Saskatchewan	0.9	1.2	−0.3
	3.1	*4.1*	*−1.0*
Veterans Land Act advances	193.0	201.7	−8.7
Less reserve for conditional benefits—Veterans Land Act, 1942	−42.1	−47.7	5.6
	150.9	*154.0*	*−3.1*
Miscellaneous—			
Acquisition of land to control properties in the vicinity of main terminal airports	4.5	6.7	−2.2
Assisted passage scheme (section 69, Immigration Act, R.S. 1952)	5.2	7.1	−1.9
Balances receivable under agreements of sale of Crown assets	19.1	22.0	−2.9
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	2.1	2.2	−0.1
Crown Assets Disposal Corporation—government equity in agency account	6.0	5.8	0.2
Dominion Coal Company Limited	5.7	5.2	0.5
Municipal Improvements Assistance Act, 1938	2.1	2.4	−0.3
New Westminster Harbour Commission	2.4	2.4	.....
Town of Oromocto, N.B.	4.5	1.5	3.0
Other	13.3	10.1	3.2
	64.9	*65.4*	*−0.5*
	681.7	662.8	18.9

Securities held in trust

This category records the security holdings of various liability accounts. There was a decrease in this account of $3 million, the balance at March 31, 1959 being $20 million.

Deferred charges

This category consists of the residual balance of discounts and commissions, redemption bonuses and conversion premiums on loan flotations that have not been amortized or written off to expenditures.

The balance in the account at March 31, 1959 of $150 million reflects an increase of $72 million during the fiscal year. Costs of new loans issued in 1958-59 and charged to the account were $108 million, of which $67 million was in respect of the 1958 conversion loan and $6 million in respect of treasury bill discounts which will be charged to interest on public debt in 1959-60. Credited

to the account was $36 million of which $31 million was charged to annual amortization costs and $5 million representing discount on treasury bills sold in 1957-58 was charged to interest on public debt in the 1958-59 budgetary expenditure accounts.

Unamortized portion of actuarial deficiencies

In 1958-59 $326 million was credited to the permanent services pension account to bring that account into line with an actuarial evaluation as at March 31, 1958 and an equivalent amount was set up as the unamortized portion of the actuarial deficiency.

There was no change in the unamortized portion of the actuarial deficiency in the superannuation account. The balance remained at $139 million.

Suspense accounts

There was no change in the balance in this category during the fiscal year.

Capital assets

Capital assets, which consist of assets of the government such as land, buildings, works and equipment, etc., that are charged to budgetary expenditures at the time of acquisition or construction, are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and advances

This category records loans and advances which are not currently revenue-producing or realizable. Included are the loan of $49 million to China under the Export Credits Insurance Act, loans of $24 million and $7 million made to Roumania and Greece in 1919-20 and 1920-21 and advances of $12 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited), an increase of $1 million over 1958-59.

Reserve for losses on realization of assets

There was no change in this reserve during the year. The balance at March 31, 1959 remained at $546 million.

C. Increase in Net Debt

The budgetary deficit of $617 million for the fiscal year 1958-59 plus an adjustment of $23 million in respect of prior years transactions resulted in an increase of $640 million in the net debt of Canada from $11,046 million at March 31, 1958 to $11,686 million at March 31, 1959.

5. THE CASH POSITION

The government's cash position is affected not only by the budgetary transactions explained in some detail in preceding sections but also by non-budgetary transactions and changes in the government's outstanding unmatured debt. Although there was an estimated budgetary deficit of $617 million in 1958-59, the government's bank balances increased by $166 million during the same period. This increase was the net result of the budgetary deficit of $617 million, a cash requirement of $646 million for non-budgetary transactions and an increase of $1,429 million in outstanding unmatured debt (after taking into account transactions in the securities investment and sinking fund accounts).

Non-budgetary receipts and credits relate to transactions which result in increases or decreases in the government's assets and liabilities and do not appear in what might be called the government's income account for the fiscal year nor do they enter into the calculation of the annual budgetary surplus or deficit. However, in considering the full scope of the government's financial operations and in measuring their effect on the government's cash position and their impact on the economy, non-budgetary as well as budgetary transactions must be taken into account.

The increases or decreases in the government's assets and liabilities have been described in detail in the section entitled "Statement of Assets and Liabilities of Canada". On the assets side the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liabilities side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension funds held or administered by the government.

The following statement summarizes the non-budgetary transactions for 1958-59 and indicates how they, together with the budgetary transactions and changes in the unmatured debt position, affected the government's cash position. For purposes of comparison, the corresponding figures for 1957-58 are also shown.

TABLE 45

(in millions of dollars)

Changes in Cash Position	Fiscal year ended March 31	
	1959 (estimated)	1958
Non-budgetary receipts and credits (excluding unmatured debt transactions)—		
Repayment of loans, investments and working capital advances (net)—		
Canadian Broadcasting Corporation	4.1	0.3
Defence production revolving fund	20.5	1.8
United Kingdom (1942 loan)	22.5	30.0
United Kingdom (1946 loan)	16.1	.....
Other national governments (Export Credits Insurance Act)	18.0	19.9
Veterans Land Act	3.1	3.2
Other	18.3	7.2
	102.6	*62.4*
Net government annuities account receipts—		
Premium receipts less payments to beneficiaries	16.1	18.7
Government contribution to maintain reserve	1.0	1.2
Interest paid by government	40.6	38.4
	57.7	*58.3*
Net insurance and pension account receipts—		
Employee contributions less payments to beneficiaries	30.3	32.0
Government contributions	89.4	129.8
Actuarial deficiency in permanent services pension account	326.3	.....
Interest paid by government	76.9	59.3
	522.9	*221.1*
Net sales of investments of unemployment insurance fund	238.2	135.3
Net increase in current and demand liabilities	83.5	−128.0
Net receipts on account of Strategic Air Command bases (in trust)	43.0	.....
Net receipts in railway grade crossing fund	9.4	3.1
Net decrease in cash in hands of collectors and in transit	40.5	−28.5
Net receipts in sundry other accounts	15.8	38.7
	1,113.6	362.4
Non-budgetary disbursements and charges (excluding unmatured debt transactions)—		
Loans, investments and working capital advances (net)—		
Agricultural commodities stabilization account	42.3	5.8
Atomic Energy of Canada Limited	3.0	3.2
Canadian Farm Loan Board	22.4	14.3
Canadian National Railways	207.3	−10.7
Central Mortgage and Housing Corporation	335.9	107.5
Exchange fund	20.0	−46.0
Governments of India and Ceylon	18.8	16.2
National Harbours Board	20.8	11.1
Northern Canada Power Commission	19.7	6.7
Northern Ontario Pipe Line Crown Corporation	42.0	70.5
The St. Lawrence Seaway Authority	99.0	94.5
Provincial governments	25.6	1.0
Other	25.3	26.1
	882.1	*300.2*
Net payments from unemployment insurance fund	242.2	130.9
Net payments from special defence accounts	218.0	7.7
Net increase in unamortized loan flotation costs	72.1	13.6
Net payments from Colombo Plan fund	5.0	5.5
Unamortized portion of actuarial deficiency in permanent services pension account	326.3	.....
Net disbursements from sundry other accounts	14.2	30.8
	1,759.9	488.7
Net amount required for (−) non-budgetary transactions	−646.3	−126.3
Budgetary deficit	−616.6	−38.6
Overall cash requirements to be financed by increase in debt or decrease in cash balances (−)	−1,262.9	−164.9
Net increase in unmatured debt outstanding in the hands of the public—		
Unmatured debt	1,312.6	−123.3
Securities investment account	−13.2	124.4
Sinking funds and other investments	129.0	−0.9
	1,428.4	*0.2*
Net increase or decrease (−) in Receiver General bank balances	165.5	−164.7

As the table shows, non-budgetary receipts and credits for 1958-59 (excluding unmatured debt transactions) totalled $1,114 million while non-budgetary disbursements and charges (also excluding unmatured debt transactions) amounted to $1,760 million, resulting in a net amount of $646 million required for non-budgetary transactions. As there was a budgetary deficit of $617 million, $1,263

million had to be financed by an increase in unmatured debt or a decrease in cash balances. In 1957-58 there was a requirement of $127 million for non-budgetary transactions and this together with the budgetary deficit of $38 million resulted in $165 million having to be financed by an increase in unmatured debt or a decrease in cash balances.

Non-budgetary receipts and credits, as already indicated, totalled $1,114 million in 1958-59. Repayments of loans, investments and working capital advances were $103 million and included $4 million from the Canadian Broadcasting Corporation, $39 million from the United Kingdom Government on account of the War Appropriation Act, 1942 and the Financial Agreement Act, 1946 and $18 million from other national governments on loans under Part II of the Export Credits Insurance Act. Net government annuities account receipts were $58 million and net insurance and pension account receipts were $523 million including $326 million representing the actuarial deficiency in the permanent services pension account as at March 31, 1958 which was credited to the account during the fiscal year. The net proceeds of the sale of investments of the unemployment insurance fund to finance payments out of the fund amounted to $238 million, and net receipts and credits in various other accounts amounted to $192 million including $84 million for the net increase in current and demand liabilities (such as outstanding cheques), $43 million on account of Strategic Air Command bases (in trust) and $41 million representing the net decrease in cash in the hands of collectors and in transit (which cash represents moneys received by public officers on or before March 31, 1959 but not deposited to the credit of the Receiver General until after that date).

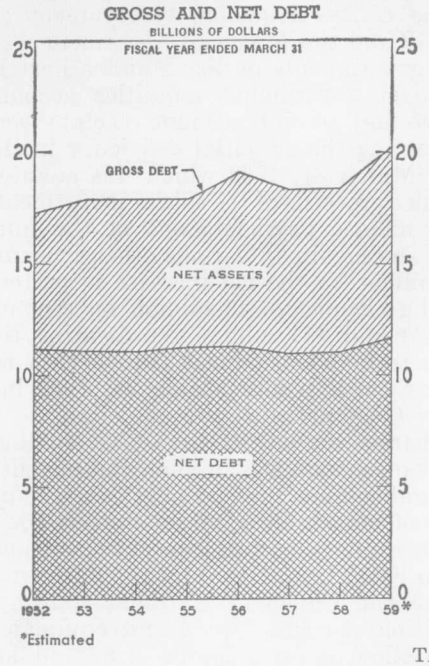
Non-budgetary disbursements and charges amounted to $1,760 million. Loans, investments and working capital advances were $882 million and included net advances of $42 million to the agricultural commodities stabilization account in connection with the purchase and sale of commodities after allowing for a charge of $15 million to budgetary expenditures in respect of losses in operations during 1958-59, $22 million to the Canadian Farm Loan Board for the purpose of making loans to farmers, $207 million to the Canadian National Railways for additions and betterments, the acquisition of rolling stock and equipment and the retirement of maturing debt after allowing for a charge of $52 million to expenditures in respect of the company's operating deficit for 1958, $336 million to Central Mortgage and Housing Corporation for the purpose of making housing loans, $19 million to the Governments of India and Ceylon for the purchase of Canadian wheat, $21 million to National Harbours Board for reconstruction and capital expenditures, $20 million to Northern Canada Power Commission for power plant construction in Northern Canada and assistance under the Atlantic Provinces Power Development Act, $42 million to the Northern Ontario Pipe Line Crown Corporation for financing the Northern Ontario section of the natural gas pipe line, $99 million to The St. Lawrence Seaway Authority for dredging and construction of the seaway, and net payments of $26 million to provincial governments ($30 million having been advanced to the Province of New Brunswick in respect of the Beechwood Power Project). Net payments from the unemployment insurance fund were $242 million (sales of investments amounted to $238 million). Net disbursements from the special defence accounts were $218 million reflecting the decision to liquidate the national defence equipment account. Other non budgetary disbursements and charges amounted to $417 million and included $72 million in respect of loan flotation costs not yet amortized and $326 million in respect of the unamortized portion of the actuarial deficiency in the permanent services pension account.

In summary, as budgetary and non-budgetary transactions during 1958-59 required financing in the amount of $1,263 million, and unmatured debt outstanding in the hands of the public (after taking into account transactions in the securities investment and sinking fund accounts) increased by $1,429 million, more than sufficient to meet the requirement, cash balances on deposit with the banks increased by $166 million.

6. THE PUBLIC DEBT

Gross and net debt

During the fiscal year ended March 31, 1959, the gross public debt increased by $1,801 million to $20,220 million. This increase was made up of increases of $1,313 million in unmatured debt and $488 million in other liabilities. During the year the government's recorded net assets increased by $1,161 million. The net debt thus increased by $640 million to $11,686 million.



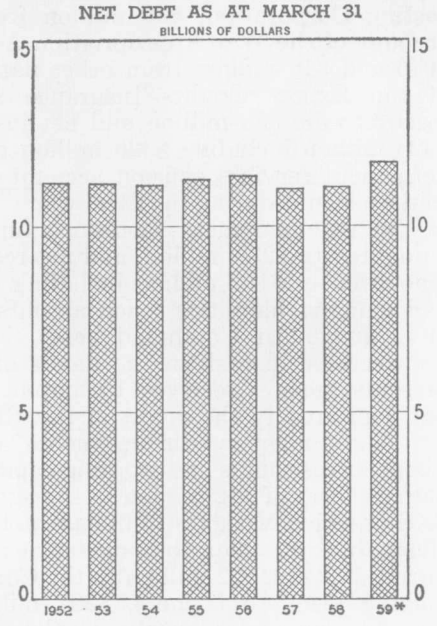


TABLE 46

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, RECORDED NET ASSETS AND NET DEBT OF CANADA
(in millions of dollars)

As at March 31	Gross public debt			Less recorded net assets	Net debt	Increase or decrease (−) in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1955	14,496.5	3,455.0	17,951.5	6,688.4	11,263.1	147.2
1956	15,407.6	3,716.6	19,124.2	7,843.8	11,280.4	17.3
1957	14,368.4	3,967.3	18,335.7	7,328.0	11,007.7	−272.7
1958	14,245.1	4,173.4	18,418.5	7,372.2	11,046.3	38.6
1959	15,557.7	4,661.8	20,219.5	8,533.7	11,685.8	639.5

Unmatured debt

The total unmatured debt of Canada at March 31, 1959 was $15,558 million. This was $1,313 million more than the total at the end of the previous fiscal year. During the fiscal year the government's holdings of its own securities in the sinking fund decreased by $129 million and in the securities investment account increased by $13 million. The net increase in the amount of outstanding unmatured debt in the hands of the public was $1,429 million.

Summary of securities issued and redemptions during the year

During the year ended March 31, 1959, the government issued securities payable in Canadian dollars in the principal amount of $9,286 million (exclud-

ing the refunding of treasury bills which mature periodically but including the increase in the issue of treasury bills in the amount of $70 million) and redeemed or converted issues in the amount of $7,973 million. Of the amount redeemed or converted $150 million was payable in U.S. dollars; the balance was payable in Canadian dollars.

Redemptions were financed as follows:

(in millions of dollars)

By proceeds of new issues:		
Canada savings bonds 1958 series (net)	860	
Other new bond issues	1,550	
Increase in treasury bills	70	
		2,480
By refunding or conversion		6,806
		9,286
Increase in unmatured debt		−1,313
Applied towards redemptions		7,973

At March 31, 1959, the outstanding unmatured debt payable in U.S. dollars was $150 million compared with $300 million on March 31, 1958 due to the call of the 1948-58/63 loan on February 1, 1959. The amount payable in sterling was $52 million, unchanged from the previous year.

In July the government announced the conversion loan campaign which was the largest debt operation ever carried out in Canada. In order to lengthen out the term of the debt, by selling to the public longer term bonds in exchange for the shorter term victory loan bonds, it offered to convert all unmatured 3 per cent victory loan bonds into new 4½ per cent bonds due September 1, 1983, 4¼ per cent bonds due September 1, 1972, 3¾ per cent bonds due September 1, 1965 or 3 per cent bonds due December 1, 1961, providing the term of the new bonds was not less than that of the victory loan bonds converted. In all, $6,416 million of the victory loans was outstanding and of this total $5,806 million, or approximately 90 per cent, was converted into the new issues.

Net sales of Canada savings bonds, 1958 series, as at March 31, 1959, amounted to $860 million and redemptions of Canada savings bonds series 3 to 12 (of which series 3 matured on November 1, 1958) were $575 million. The net increase during the year for all series was $285 million and the amount outstanding at March 31, 1959 was $2,832 million.

The issue of treasury bills was increased by $70 million during the fiscal year and the amount outstanding at March 31, 1959 was $1,595 million.

TABLE 47

REDEMPTION OF DEBT DURING YEAR ENDED MARCH 31, 1959

MATURITY	Interest rate	Where payable	Amount
	per cent		$
May 1, 1958	3	Canada	124,522,000
May 1, 1958	2	Canada	475,478,000
October 1, 1958	3	Canada	400,000,000
December 1, 1958	2½	Canada	400,000,000
January 1, 1959[1]	3	Canada	947,324,750
June 1, 1960[2]	3	Canada	1,118,711,700
February 1, 1962[2]	3	Canada	1,262,166,050
October 1, 1963[2]	3	Canada	1,072,799,150
September 1, 1966[2]	3	Canada	1,446,594,500
August 1, 1963	3	U.S.	150,000,000
Canada savings bonds series 3 to 12	various	Canada	575,292,350
			7,972,888,500

[1] $905,248,450 converted to Canada Conversion Loan 1958; balance matured January 1, 1959.
[2] Converted to Canada Conversion Loan 1958 in amount shown.

TABLE 48

NEW SECURITIES ISSUED DURING YEAR ENDED MARCH 31, 1959

DESCRIPTION	Price to government	Yield at price to government	Total amount issued	Renewals or conversions included in amount issued	Amount issued for cash
			$	$	$
Issued to general public—					
Bonds 2½% May 1/58—July 1/59.....	99.35	3.07	200,000,000		
Bonds 3% May 1/58—May 1/61.....	98.75	3.44	400,000,000	600,000,000	350,000,000
Bonds 3½% May 1/58—May 1/70....	97.50	3.76	200,000,000		
Bonds 3¾% May 1/58—Jan. 15/78....	95.75	4.07	150,000,000		
Bonds 3% Sept. 1/58—Dec. 1/61.....	(1)	.....	1,020,514,000	1,020,514,000	.....
Bonds 3¾% Sept 1/58—Sept. 1/65...	(2)	.....	1,266,723,100	1,266,723,100	.....
Bonds 4¼% Sept. 1/58—Sept. 1/72...	(3)	.....	1,366,733,800	1,366,733,800	.....
Bonds 4½% Sept. 1/58—Sept. 1/83...	(4)	.....	2,151,548,950	2,151,548,950	.....
Bonds 2½% Oct. 1/58—July 1/59.....	99.68	2.93	300,000,000	400,000,000	200,000,000
Bonds 2¾% Oct. 1/58—April 1/60....	99.50	3.09	300,000,000		
Bonds 3% Dec. 15/58—Dec. 15/59...	99.15	3.87	300,000,000	.....	300,000,000
Bonds 4% Jan. 1/59—Jan. 1/63.....	98.50	4.41	100,000,000	.....	100,000,000
Bonds 2¾% March 1/59—April 1/60..	97.80	4.86	85,000,000	.....	85,000,000
Bonds 3% March 1/59—Dec. 15/60..	96.50	5.06	115,000,000	.....	115,000,000
Canada savings bonds, 1958 series 3¼% to 4¼% Nov. 1/58—Nov. 1/73	99.00	4.28	860,000,000	.....	860,000,000
Increase in treasury bills.....	various	.....	70,000,000	.....	70,000,000
Issued to chartered banks—					
Bonds 2½% July 15/58—Dec. 15/58...	100.00	2.50	360,000,000	.....	360,000,000
Issued to Bank of Canada—					
Bonds 2½% July 15/58—Dec. 15/58...	100.00	2.50	40,000,000	.....	40,000,000
			9,285,519,850	6,805,519,850	2,480,000,000

(1) Issued at par in conversion of 5th and 6th victory loan bonds. Cash adjustments of $15.00 and $12.50 respectively (inclusive of accrued interest to Sept. 1, 1958) per $1,000 were paid on conversion.

(2) Issued at par in conversion of 5th, 6th and 7th victory loan bonds. Cash adjustments of $25.00, $22.50 and $12.50 respectively (inclusive of accrued interest to Sept. 1, 1958) per $1,000 were paid on conversion.

(3) Issued at par in conversion of 5th, 6th, 7th, 8th and 9th victory loan bonds. Cash adjustments of $25.00, $22.50, $12.50, $17.50 and $15.00 respectively (inclusive of accrued interest to Sept. 1, 1958) per $1,000 were paid on conversion.

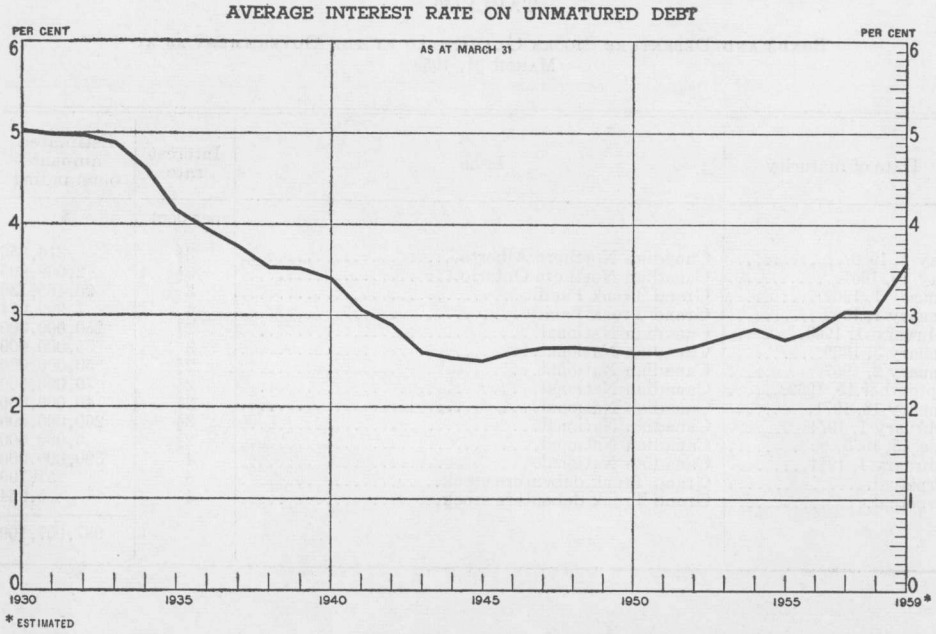
(4) Issued at par in conversion of 5th, 6th, 7th, 8th and 9th victory loan bonds. Cash adjustments paid as in (3) above.

Interest rates

During the first four months of the year interest rates generally continued the downward trend from their peak reached in August, 1957. Subsequently rates reversed their trend and continued to rise gradually. The average interest rate on the government's unmatured debt at March 31, 1959 was 3.60 per cent compared with 3.05 per cent at the end of the previous fiscal year and 2.74 per cent at March 31, 1955.

Treasury bill yields reflected a trend similar to that of general interest rates. The yield on three-month bills on April 3, 1958 was 1.83 per cent. On August 1, 1958, the yield dropped to a low for the year of 0.87 per cent and was 4.30 per cent on the last issue of the fiscal year.

AVERAGE INTEREST RATE ON UNMATURED DEBT



The following table shows the high and low yields together with the yield on the last issue of three-month bills for the fiscal years ended March 31, 1955 to 1959 inclusive.

TABLE 49

TREASURY BILL YIELDS

Fiscal year ended March 31	Three-month bills		
	High	Low	Last issue
	per cent	per cent	per cent
1955	1.62	0.78	1.13
1956	2.64	1.08	2.64
1957	3.81	2.40	3.70
1958	4.08	2.27	2.27
1959	4.30	0.87	4.30

Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities the government has assumed certain indirect or contingent obligations. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, or as to interest only, and a number of miscellaneous guarantees, the chief of which are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, deposits maintained by the chartered banks in the Bank of Canada, bank advances to the Canadian Wheat Board, advances under the Export Credits Insurance Act and bank loans under the Farm Improvement Loans Act.

The government's liability under its guarantee of insured loans under the National Housing Act, 1954 was $2,059 million at December 31, 1958, compared with $1,398 million at December 31, 1957.

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TABLE 50

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT AS AT MARCH 31, 1959

Date of maturity	Issue	Interest rate	Estimated amount outstanding
		per cent	$
May 4, 1960	Canadian Northern Alberta	3½	316,856
May 19, 1961	Canadian Northern Ontario	3½	2,069,805
January 1, 1962	Grand Trunk Pacific	3	26,465,130
January 1, 1962	Grand Trunk Pacific	4	7,999,074
February 1, 1963	Canadian National	2¾	250,000,000
January 3, 1966	Canadian National	3	35,000,000
January 2, 1967	Canadian National	2¾	50,000,000
September 15, 1969	Canadian National	2⅞	70,000,000
January 16, 1971	Canadian National	2⅞	40,000,000
February 1, 1974	Canadian National	3¾	200,000,000
June 15, 1975	Canadian National	2¾	6,000,000
February 1, 1981	Canadian National	4	300,000,000
Perpetual	Grand Trunk debenture stock	5	51,190
Perpetual	Grand Trunk debenture stock	4	5,054
			987,907,109

TABLE 51

Other Outstanding Guarantees and Contingent Liabilities At March 31, 1959	Amount outstanding (estimated)
	$
Deposits maintained by the chartered banks in the Bank of Canada	629,024,600
Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Indeterminate
Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements	4,980,094
Insured loans made by approved lenders under the National Housing Act, 1954	2,054,319,234
Guarantees to owners of returns from moderate rental housing projects	Indeterminate
Guarantees under the Export Credits Insurance Act Part I	42,000,000
Guarantees under the Exports Credits Insurance Act Part II	2,550,000
Loans made by chartered banks under the Farm Improvement Loans Act	33,600,000
Loans made by chartered banks under The Veterans' Business and Professional Loans Act	500,000
Loans made by chartered banks under the Prairie Grain Producers' Interim Financing Act, 1956	100,000
Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act	84,000
Loans made by chartered banks to Canadian Wheat Board	107,000,000
Loans made by chartered banks under the Prairie Grain Advance Payment Act	17,300,000

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

ANNUAL CHANGES IN LOANS AND INVESTMENTS

UNMATURED DEBT

The Budget—Appendix

STATEMENT OF REVENUES FOR LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1954–55	1955–56	1956–57	1957–58	Estimated 1958–59
	$	$	$	$	$
TAX REVENUES—					
Income tax—					
Personal [1]	1,183.4	1,185.6	1,400.5	1,499.8	1,371.0
Corporation [1]	1,020.6	1,027.7	1,268.3	1,234.8	1,029.0
On dividends, interest, etc. going abroad	61.3	66.2	76.4	64.3	60.0
	2,265.3	*2,279.5*	*2,745.2*	*2,798.9*	*2,460.0*
Excise taxes—					
Sales tax [1] [2]	572.2	641.5	717.1	703.2	694.0
Other excise taxes—					
Automobiles	73.2	76.2	79.7	72.3	60.4
Beverages (soft drinks)	8.2	8.7	9.0	0.6	.....
Candy and chewing gum	9.9	9.2	9.8	0.7	.....
Cigarettes, cigars and tobacco	114.5	126.9	132.3	142.4	150.0
Electrical appliances	0.4	.....	.....	.....	.....
Furs	0.1	.....	.....	.....	.....
Jewellery, watches, ornaments, etc	4.8	5.0	6.1	5.3	5.6
Matches and lighters	0.9	0.9	0.8	0.9	0.9
Television sets, radios, tubes and phonographs	21.5	22.8	19.0	16.9	17.5
Tires and tubes	8.6	0.8	.....	.....	.....
Toilet preparations	5.2	5.6	6.1	6.3	6.7
Trunks, bags, luggage, etc	0.4	.....	.....	.....	.....
Wines	2.4	2.5	2.6	2.7	3.1
Sundry commodities	2.3	2.1	2.3	1.4	1.2
Licences, interest and miscellaneous	0.4	0.4	0.5	0.6	0.5
Less refunds	−0.8	−0.4	−1.1	−0.7	−3.5
	252.0	*260.7*	*267.1*	*249.4*	*242.4*
Customs duties	397.2	481.2	549.1	498.1	486.0
Excise duties—					
Spirits, malt and beer	130.1	141.9	153.4	171.9	180.8
Cigarettes, cigars and tobacco	100.8	110.4	121.1	131.7	141.0
Less refunds	−4.4	−2.9	−3.1	−3.5	−4.2
	226.5	*249.4*	*271.4*	*300.1*	*317.6*
Succession duties	44.8	66.6	79.7	71.6	73.0
Tax on insurance premiums	14.5	15.5	16.7	.....	.....
Miscellaneous tax revenue	1.0	1.3	1.6	1.5	1.2
Total tax revenues	3,773.5	3,995.7	4,647.9	4,622.8	4,274.2
NON-TAX REVENUES—					
Post office—net postal revenue	131.3	137.4	145.8	152.9	156.0
Return on investments	134.0	149.3	206.6	169.4	224.6
Other	84.7	117.6	106.2	103.7	116.0
Total non-tax revenues	350.0	404.3	458.6	426.0	496.6
TOTAL REVENUES	4,123.5	4,400.0	5,106.5	5,048.8	4,770.8

[1] Excluding tax credited to the old age security fund—

	1954–55	1955–56	1956–57	1957–58	Estimated 1958–59
2% personal income tax	100.9	102.5	125.0	135.0	148.0
2% corporation income tax	46.0	53.3	67.3	60.7	55.0
2% sales tax	143.1	160.4	179.3	175.8	173.0

[2] Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1954-55	1955-56	1956-57	1957-58	Estimated 1958-59
	$	$	$	$	$
AGRICULTURE—					
Administration and general	1.5	1.0	1.3	1.3	1.5
Agricultural commodities stabilization account—net operating loss	3.1	5.8	5.0	6.0	15.0
Experimental farms service	9.6	10.6	11.9	13.8	15.5
Freight assistance on western feed grains	19.0	16.0	17.5	17.5	20.0
Marketing service	10.3	7.8	6.6	7.3	8.0
Payments to western grain producers	.....	.....	.....	.....	41.3
Prairie farm emergency fund—deficit	.....	8.4	.....	5.9	15.0
Premium on hog carcasses suitable for export to United Kingdom	5.1	5.9	5.7	5.5	6.8
Production service	12.1	12.2	13.2	14.3	17.0
Rehabilitation and reclamation projects	12.6	11.9	13.6	12.5	14.7
Science service	8.5	8.6	9.8	10.6	11.7
	81.8	*88.2*	*84.6*	*94.7*	*166.5*
ATOMIC ENERGY	15.0	19.0	21.9	21.6	26.1
AUDITOR GENERAL'S OFFICE	0.7	0.7	0.7	0.8	0.8
BOARD OF BROADCAST GOVERNORS	.....	.....	.....	.....	0.1
CANADIAN BROADCASTING CORPORATION—					
Grant towards the anticipated operating deficit and capital expenditures of the radio broadcasting and television services	6.3	6.3	18.3	24.4	50.4
International service	2.1	1.8	1.7	1.8	1.9
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	20.8	23.1	19.3	16.8	9.8
	29.2	*31.2*	*39.3*	*43.0*	*62.1*
OFFICE OF THE CHIEF ELECTORAL OFFICER	0.3	0.4	0.2	13.6	3.2
CITIZENSHIP AND IMMIGRATION—					
Administration and general	1.3	1.5	1.8	1.9	2.1
Immigration branch	8.3	8.0	18.6	22.1	15.5
Indian affairs branch	18.0	21.5	23.7	27.8	36.4
	27.6	*31.0*	*44.1*	*51.8*	*54.0*
CIVIL SERVICE COMMISSION	2.3	2.4	2.7	3.2	3.5
DEFENCE PRODUCTION—					
Administration and general	9.2	9.6	10.5	10.2	12.3
Capital assistance to defence industry	9.7	6.5	10.0	4.8	2.1
	18.9	*16.1*	*20.5*	*15.0*	*14.4*
EXTERNAL AFFAIRS	11.7	13.0	14.4	15.8	17.0
Assistance to other countries and international organizations	29.0	28.8	40.0	40.1	54.6
Membership in commonwealth and international organizations	3.1	3.1	5.8	4.3	4.5
	43.8	*44.9*	*60.2*	*60.2*	*76.1*
FINANCE—					
Administration and general	6.2	6.7	8.0	7.6	10.5
Office of the Comptroller of the Treasury	14.9	14.9	16.0	17.5	18.0
Commodity Prices Stabilization Corporation Limited	0.1	.....	.....	.....	.....
Grants to Canada Council	.....	.....	.....	100.0	.....
Grants to municipalities in lieu of taxes on federal property	3.1	7.0	9.5	17.5	22.1
Grants to universities	5.4	5.5	16.0	16.6	25.6
Government contributions with respect to the superannuation account—					
General	37.4	31.5	31.6	33.8	37.6
Special	.....	.....	40.8	44.3	.....
Implementation of guarantees (Ming Sung Industrial Co. Ltd.)	1.5	.....	.....	.....	.....

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

	1954–55	1955–56	1956–57	1957–58	Estimated 1958–59
	$	$	$	$	$
FINANCE—*concluded*					
Payments to provinces—					
Subsidies	20.4	20.3	20.6	20.6	20.6
Tax-rental agreements, 1952 act	327.4	319.6	365.9	.....	.....
Tax-sharing arrangements, 1956 act	.....	.....	.....	353.3	423.2
Transfer of certain public utility tax receipts under tax-rental agreements	7.3	7.9	6.6	7.4	8.7
Transitional grant to Newfoundland	3.9	3.1	2.3	1.4	1.1
Additional grants to Newfoundland	.....	.....	.....	.....	13.6
Premium, discount and exchange	3.8	.....	1.4	.....	.....
Provision for reserve for losses on realization of assets	.....	.....	50.0	.....	.....
Public debt charges—					
Interest on public debt	477.9	492.6	520.2	539.2	604.4
Cost of issuing new loans and annual amortization of bond discounts and commissions	23.6	21.1	13.4	27.7	39.3
Servicing of public debt	0.8	0.6	0.5	0.5	0.7
Reduction in actuarial deficiency in the superannuation account	.....	.....	50.0	.....	.....
Relief re Hurricane Hazel	0.3	0.4	.....	.....	.....
	934.0	*931.2*	*1,152.8*	*1,187.4*	*1,225.4*
FISHERIES	11.2	12.4	13.8	16.4	18.4
GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS	0.4	0.4	0.4	0.4	0.4
INSURANCE	0.5	0.5	0.5	1.2	1.2
JUSTICE	5.9	6.6	7.0	7.2	7.7
Office of the Commissioner of Penitentiaries	10.5	10.7	12.0	12.7	16.6
	16.4	*17.3*	*19.0*	*19.9*	*24.3*
LABOUR	9.4	9.0	9.5	10.2	19.6
Government annuities—amount required to maintain reserve	0.4	.....	.....	1.2	1.0
Unemployment Insurance Act, 1940—					
Administration and general	28.3	26.6	29.0	32.5	35.8
Government contribution	31.7	33.9	37.4	37.8	37.5
	69.8	*69.5*	*75.9*	*81.7*	*93.9*
LEGISLATION—					
House of Commons	5.0	5.1	5.4	5.0	5.6
Library of Parliament	0.3	0.3	0.3	0.3	0.4
Senate	1.4	1.4	1.5	1.5	1.7
	6.7	*6.8*	*7.2*	*6.8*	*7.7*
MINES AND TECHNICAL SURVEYS	16.4	17.6	17.5	18.7	23.0
Dominion Coal Board	11.8	11.3	9.7	8.8	11.1
Emergency gold mining assistance	15.5	9.3	8.7	8.6	11.6
	43.7	*38.2*	*35.9*	*36.1*	*45.7*
NATIONAL DEFENCE—					
Defence forces, Army, Navy and Air services	1,313.8	1,464.9	1,504.1	1,415.0	1,186.1
Defence research and development	50.0	64.3	69.3	78.7	78.0
Government contributions with respect to permanent services pension account	36.7	40.1	46.3	49.7	49.5
Mutual aid to NATO countries	260.0	175.0	133.6	118.5	97.0
Pensions—payments under defence services pension act	5.2	5.3	5.6	5.8	6.0
Other	0.3	0.4	0.5	0.8	1.4
	1,666.0	*1,750.0*	*1,759.4*	*1,668.5*	*1,418.0*
NATIONAL FILM BOARD	3.4	4.1	5.0	4.0	4.3
NATIONAL GALLERY	0.4	1.3	0.4	0.6	0.7
NATIONAL HEALTH AND WELFARE	28.6	29.1	33.5	38.4	42.0
Contributions under the Hospital Insurance and Diagnostic Services Act	.....	.....	.....	.....	57.8
Family allowances	366.5	382.5	397.5	437.9	474.9
General health grants	31.6	33.5	36.3	34.6	46.0

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

—	1954–55	1955–56	1956–57	1957–58	Estimated 1958–59
	$	$	$	$	$
NATIONAL HEALTH AND WELFARE—*concluded*					
Old age assistance, blind persons and disabled persons allowances	24.2	29.5	30.5	39.7	50.4
Old age security fund—deficit	45.8	63.3	56.0	103.9	184.0
Unemployment assistance	.....	.....	7.9	8.2	22.3
	496.7	*537.9*	*561.7*	*662.7*	*877.4*
NATIONAL RESEARCH COUNCIL	15.7	16.1	19.0	21.6	25.5
NATIONAL REVENUE	55.0	56.1	61.8	67.7	69.5
NORTHERN AFFAIRS AND NATIONAL RESOURCES	20.2	24.7	37.0	49.1	75.0
POST OFFICE	123.6	127.4	140.0	153.3	157.9
PRIVY COUNCIL including Prime Minister's Office	3.8	3.9	3.9	3.9	6.0
PUBLIC ARCHIVES AND NATIONAL LIBRARY	0.4	0.5	0.6	0.7	0.8
PUBLIC PRINTING AND STATIONERY	2.1	2.2	3.2	3.3	3.6
PUBLIC WORKS	112.7	126.0	140.5	156.6	161.9
Trans-Canada highway contributions	18.1	16.1	24.8	49.4	50.0
	130.8	*142.1*	*165.3*	*206.0*	*211.9*
ROYAL CANADIAN MOUNTED POLICE	35.5	36.6	43.4	47.4	52.8
SECRETARY OF STATE	2.7	3.0	3.5	4.0	4.5
TRADE AND COMMERCE	17.5	17.6	23.6	23.6	26.5
Assistance re storage costs on grain	.....	18.9	31.8	33.3	38.4
	17.5	*36.5*	*55.4*	*56.9*	*64.9*
TRANSPORT—					
Administration and general	3.6	3.1	3.3	3.7	4.1
Air services	44.7	57.3	70.5	90.3	126.8
Canadian Maritime Commission	4.2	4.3	5.0	5.2	6.0
Canal services	7.8	8.3	8.2	8.6	9.3
Marine services	21.3	20.6	26.9	32.8	51.3
Non-active assets—					
National Harbours Board	3.9	3.0	4.1	4.8	4.5
Railway and steamship services	26.7	15.3	15.2	12.7	9.0
Deficits—					
Canadian National Railways	28.8	.....	.....	22.1	51.6
Canadian National (West Indies) Steamships Limited	0.6	0.1	.....	0.6	1.0
North Sydney—Port-aux-Basques ferry and terminals	2.2	2.4	5.4	6.0	5.8
Prince Edward Island car ferry and terminals	1.5	1.6	1.8	2.0	1.9
Yarmouth—Bar Harbour ferry	.....	.....	0.3	0.3	0.2
Maritime freight rates act	10.5	11.0	12.5	12.6	13.5
Railway grade crossing fund	3.4	5.0	5.0	5.0	15.0
	159.2	*132.0*	*158.2*	*206.7*	*300.0*
VETERANS AFFAIRS—					
Administration and general	5.0	4.9	5.4	6.2	6.4
Hospital accommodation, additions, alterations and improvements	3.9	3.5	4.6	3.3	3.4
Pensions	128.8	130.7	130.3	145.6	151.1
Soldier settlement and veterans land acts	5.4	5.4	5.4	5.6	5.6
Provision for reserve for conditional benefits	8.9	8.8	6.8	5.2	4.3
Treatment and welfare services	47.9	47.6	50.8	56.4	57.3
Veterans allowances, treatment allowances and other benefits	34.2	44.0	45.8	53.1	60.7
War service gratuities and re-establishment credits	6.0	3.6	2.4	1.8	2.0
	240.1	*248.5*	*251.5*	*277.2*	*290.8*
TOTAL EXPENDITURES	4,275.4	4,433.1	4,849.0	5,087.4	5,387.4

The Budget—Appendix

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1954–55	1955–56	1956–57	1957–58	Estimated 1958–59
	$	$	$	$	$
Loans to, and investments in, Crown corporations—					
Atomic Energy of Canada Limited	16.0	11.7	9.1	3.2	3.0
Canadian Broadcasting Corporation	3.0	8.4	−0.1	−0.3	−27.0
Canadian Commercial Corporation	.....	−4.0	−2.0	.....	.....
Canadian Farm Loan Board	4.4	4.7	9.3	14.3	22.4
Canadian National Railways	−93.4	170.7	172.1	−10.7	207.3
Canadian National (West Indies) Steamships Limited	3.6	−0.2	−0.3	−0.2	−2.9
Canadian Overseas Telecommunication Corporation	0.3	4.0	4.3	0.3	1.5
Central Mortgage and Housing Corporation	43.7	−10.4	−4.1	107.5	335.9
National Capital Commission	.....	.....	.....	2.1	5.0
National Harbours Board	1.0	−0.1	7.2	11.1	20.8
Northern Canada Power Commission	−0.4	−0.4	0.3	6.7	19.7
Northern Ontario Pipe Line Crown Corporation	.....	.....	0.3	70.5	42.0
Polymer Corporation Limited	−4.0	.....	.....	.....	.....
The St. Lawrence Seaway Authority	1.3	20.2	56.0	(1)99.2	(1)107.1
Other	0.4	0.4	−0.1	0.1	−0.1
	−24.1	*205.0*	*252.0*	*303.8*	*734.7*
Loans to national governments—					
United Kingdom—					
The War Appropriation (U.K. Financing) Act, 1942	−30.0	−30.0	−30.0	−30.0	−22.5
The United Kingdom Financial Agreement Act, 1946	−14.8	−15.2	−15.5	(2)44.2	−16.1
Export Credits Insurance Act	−23.6	−22.4	−21.9	−19.9	−18.0
Special loans to Colombo Plan countries to finance the purchase of wheat and flour from Canada	.....	.....	.....	16.2	18.8
Other	−2.9	−3.4	−3.8	−1.1	−0.9
	−71.3	*−71.0*	*−71.2*	*9.4*	*−38.7*
Other loans and investments—					
Subscriptions to capital of, working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	−29.1	6.3	−8.8	5.0	−3.0
International finance corporation	.....	.....	3.5	.....	.....
Working capital advances and loans to international organizations	1.7	.....	0.8	−0.2	−0.1
Loans to provincial governments	−3.4	−3.6	−3.4	(3)1.0	25.6
Balances receivable under agreements of sale of Crown assets	−8.0	11.8	7.8	−4.4	−2.9
Veterans land act advances	0.9	−0.6	−3.8	−3.2	−3.1
Other	3.6	2.2	2.8	9.4	2.4
	−34.3	*16.1*	*−1.1*	*7.6*	*18.9*
Sinking fund and other investments held for retirement of unmatured debt	89.0	20.0	.....	0.9	−129.0
Net total of changes in loans and investments	−40.7	170.1	179.7	321.7	585.9

(1) Includes deferred interest.

(2) Deferred interest.

(3) $4 million in overpayments to provinces arising out of 1952 tax-rental agreements offset in part by repayments of $3 million.

UNMATURED DEBT AND TREASURY BILLS AS AT MARCH 31, 1959 AND THE ANNUAL INTEREST THEREON

Date of maturity	Description	Rate per cent	Where payable	Amount of loan	Annual interest charges
				$	$
1959, July 1...	Loan of 1958..... T.30	2½	Canada	300,000,000	7,500,000
July 1...	Loan of 1958..... T.22	2½	Canada	200,000,000	5,000,000
Oct. 1...	Loan of 1957..... T.19	3	Canada	300,000,000	9,000,000
Oct. 1...	Loan of 1957..... T.20	3	Canada	250,000,000	7,500,000
Nov. 1...	Canada savings bonds 1949.. S.4	2¾	Canada	(1)16,378,000	450,395
Dec. 15...	Loan of 1958..... T.32	3	Canada	300,000,000	9,000,000
1960, Apr. 1...	Loan of 1958 and 1959..... T.31	2¾	Canada	385,000,000	10,587,500
June 1...	Sixth victory loan..... L. 9	3	Canada	46,588,650	1,397,660
Nov. 1...	Canada savings bonds 1950.. S. 5	2¾	Canada	(1)15,043,000	413,683
Dec. 15...	Loan of 1957 and 1959..... T.21	3	Canada	515,000,000	15,450,000
1961, May 1...	Loan of 1958..... T.23	3	Canada	400,000,000	12,000,000
Dec. 1...	Conversion loan of 1958..... T.26	3	Canada	1,020,514,000	30,615,420
1962, Feb. 1...	Seventh victory loan..... P. 3	3	Canada	53,473,150	1,604,195
Aug. 1...	Canada savings bonds 1951... S. 6	3½	Canada	(1)59,846,000	2,094,610
1963, Jan. 1...	Loan of 1959..... T.33	4	Canada	100,000,000	4,000,000
July 1...	Loan of 1933/43.....	3	London	(2)49,833,091	1,494,993
July 1...	Loan of 1938.....	3¼	London	(2)1,978,362	64,297
Aug. 1...	Canada savings bonds 1952... S. 7	3¾	Canada	(1)72,534,000	2,720,025
Oct. 1...	Eighth victory loan..... P. 5	3	Canada	223,020,200	6,690,606
1965, Sept. 1...	Conversion loan of 1958..... T.27	3¾	Canada	1,266,723,100	47,502,116
Nov. 1...	Canada savings bonds 1953... S. 8	3¾	Canada	(1)284,448,000	10,666,800
1966, Sept. 1...	Ninth victory loan..... P. 7	3	Canada	245,202,200	7,356,066
Nov. 1...	Canada savings bonds 1954... S. 9	3¼	Canada	(1)136,768,000	4,444,960
1967, Nov. 1...	Canada savings bonds 1955... S.10	3¼	Canada	(1)141,448,000	4,597,060
1968, June 15...	Refunding loan of 1950..... P. 9	2¾	Canada	350,000,000	9,625,000
1969, May 1...	Canada savings bonds 1956... S.11	3½	Canada	(1)264,305,000	9,250,675
1970, May 1...	Loan of 1958..... T.24	3½	Canada	200,000,000	7,000,000
Nov. 1...	Canada savings bonds 1957... S.12	3¼	Canada	(1)981,353,000	31,893,973
1972, Sept. 1...	Conversion loan of 1958..... T.28	4¼	Canada	1,366,733,800	58,086,187
1973, Nov. 1...	Canada savings bonds 1958.....	3½	Canada	(1)860,000,000	30,100,000
1974, Sept. 1...	Loan of 1949.....	2¾	New York	(3)100,000,000	2,750,000
1975, Sept. 15...	Loan of 1950.....	2½	New York	(3)50,000,000	1,375,000
1976, June 1...	Loan of 1954..... T.11	3¼	Canada	300,000,000	9,750,000
1978, Jan. 15...	Loan of 1953..... T. 5	3¾	Canada	100,000,000	3,750,000
Jan. 15...	Loan of 1958..... T. 5	3¾	Canada	150,000,000	5,625,000
1979, Oct. 1...	Loan of 1954..... T.13	3¼	Canada	400,000,000	13,000,000
1983, Sept. 1...	Conversion loan of 1958..... T.29	4½	Canada	2,151,548,950	96,819,703
1998, Mar. 15...	Conversion loan of 1956..... T.15	3¾	Canada	250,000,000	9,375,000
Perpetual.....	Loan of 1936..... P. 1	3	Canada	55,000,000	1,650,000
Various.....	Three-month treasury bills.....	various	Canada	1,595,000,000	(4)68,585,000
				15,557,738,503	560,785,924
	Payable in Canada.....	.....	.....	15,355,927,050	555,101,634
	Payable in London.....	.....	.....	51,811,453	1,559,290
	Payable in New York.....	.....	.....	150,000,000	4,125,000
				15,557,738,503	560,785,924

(1) Estimated.

(2) Conversion rate $2.80 = £1.

(3) Conversion rate $1 Can. = $1. U.S.

(4) Calculated on basis of 4·30 per cent being rate of discount on bills sold March 26, 1959.

END OF VOLUME II